TOWN OF LITTLE ELM, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Year Ended
September 30, 2018

THE TOWN WITH A LAKE ATTITUDE

LITTLE ELM

Town of Little Elm
Who We Are

Our *organizational culture centers on servant leadership and we believe that service to others is more important than our individual needs. We are a values driven organization that incorporates the values of integrity, customer service, efficiency, and innovation in everything that we do. We promote a fun, optimistic, and fulfilling work environment that contains an energy where team members are excited to come to work and serve the community.*

We *also believe the high service levels we provide are a reflection of the employees who work for the organization. We empower our team members and are committed to an environment where employees at all levels can use their judgment to fulfill the service needs of the community.*

We *are honest, loyal, trustworthy, transparent, fair and open minded, and have a culture of accountability. We keep our word and admit our mistakes. We stand up for what is right even in the face of a challenge, and do what is right, even if no one notices.*

We *expect a team oriented atmosphere where departmental lines and job descriptions are merely a guide. Our employees engage in an environment of cooperation and focus on getting the job done. We believe that success is shared and that praise is important. Our employees should be motivated and competent individuals who are held to high standards and put tremendous effort in achieving success.*

We *place a great amount of importance on the interaction with our customers. We are respectful, positive, accessible and approachable, responsive, and empathetic. We openly communicate and give our full attention. We focus on being able to assist internal and external customers, not simply accommodate them. Whether the answer involves going the extra mile or sometimes even delivering bad news, we are friendly, courteous, patient, humble and professional.*

We *recognize that we are entrusted with resources ultimately owned by the community, and as stewards of those, are committed to use the minimum resources required to realize the maximum result. We will find the shortest path on a route or in a process, and operate without waste, improper use of taxpayer dollars, and without compromising quality. We believe in a streamlined process that eliminates red tape wherever possible.*

We *promote reasonable risk taking in the name of innovation. We have a willingness to grow, to explore new ideas, to challenge the status quo, to constantly seek opportunities to improve and streamline efforts. We are open to change though we do not seek change unnecessarily. We allow the freedom to try new things, and recognize that through creativity, teamwork, discipline, and hard work, we will build a stronger, healthier Town together. We are a learning organization, always developing our employees and committing ourselves to excellence.*

Finally, *we will be an organization that sets an example to others for how a municipal service organization should operate. We have a standard of excellence and we focus on the character of our team members. We realize that it is an honor and a privilege to serve the public and we are proud to represent the Town of Little Elm.*

Town of Little Elm, Texas

Comprehensive Annual Financial Report

LITTLE ELM

Fiscal Year Ended September 30, 2018

PREPARED BY:

Karla Stovall, CPM, CGFO—Chief Financial Officer
Dianne Lawson, CGFO—Asst. Director of Finance
Robin N. Bromiley, CGFO—Controller
Crystal Williamson
Sheryl Champlin
Shelly Newell

Page has been left blank intentionally.

Town of Little Elm, Texas

Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2018
Table of Contents

	Page
Introductory Section	
Letter of Transmittal	v
GFOA Certificate of Achievement for Excellence in Financial Reporting	xi
Organizational Chart	xii
Town Officials	xiii
Financial Section	
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balance	24
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	25
Proprietary Funds Financial Statements	
Statement of Net Position	26
Statement of Revenues, Expenses, and Changes in Fund Net Position	27
Statement of Cash Flows	28
Fiduciary Fund	
Statement of Fiduciary Net Position - Agency Fund	30
Discretely Presented Component Units	
Statement of Net Position	31
Statement of Activities	32
Notes to the Financial Statements	35
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual- General Fund	70
Notes to Budgetary Comparison Schedule	72
Schedule of Changes in Net Pension Liability and Related Ratios - TMRS	73
Schedule of Pension Contributions - TMRS	74
Schedule of Changes in Total OPEB Liability and Related Ratios - TMRS	75
Schedule of OPEB Contributions - TMRS	76
Notes to Required Supplementary Information - Texas Municipal Retirement System	77

Town of Little Elm, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2018
Table of Contents – Continued

		Page
Combining And Individual Fund Financial Statements And Schedules		
Major Governmental Funds		
General Obligation Debt Service Fund - Budgetary Comparison Schedule (GAAP Basis)		80
Nonmajor Governmental Funds		
Listing of Nonmajor Governmental Funds		81
Combining Balance Sheet		82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance		84
Agency Funds		
Listing of Agency Funds		87
Statement of Changes in Assets and Liabilities		88
Discretely Presented Component Units		
Listing of Discretely Presented Component Units		89
Balance Sheet- Economic Development Corporation		90
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position- Economic Development Corporation		91
Statement of Revenues, Expenditures and Changes in Fund Balance- Economic Development Corporation		92
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities- Economic Development Corporation		93
Balance Sheet- Community Development Corporation		94
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position- Community Development Corporation		95
Statement of Revenues, Expenditures and Changes in Fund Balance- Community Development Corporation		96
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities- Community Development Corporation		97
Statistical Section	**TABLE**	
Net Position By Component	A-1	102
Changes in Net Position	A-2	104
Fund Balances, Governmental Funds	A-3	108
Changes in Fund Balances, Governmental Funds	A-4	110
Appraised Value of Property	B-1	112
Direct and Overlapping Property Tax Rates	B-2	113
Principal Property Tax Payers	B-3	114
Property Tax Levies and Collections	B-4	115
Municipal Sales Tax and Ratio to Ad Valorem Tax Levy	B-5	116
Ratio of Outstanding Bonded Debt by Type	C-1	117
Ratio of Net General Bonded Debt to Assessed Value	C-2	118
Direct and Overlapping Debt	C-3	119
Legal Debt Margin Information	C-4	120
Pledged-Revenue Coverage	C-5	121
Demographic and Economic Statistics	D-1	122
Principal Employers	D-2	123
Full-Time Equivalent Government Employees by Function/Program	E-1	124
Operating Indicators by Function/Program	E-2	126
Capital Asset Statistics by Function/Program	E-3	128

Introductory Section

Page has been left blank intentionally.

LITTLE ELM

Finance Department
Town of Little Elm

February 19, 2019

Honorable Mayor, Members of Town Council and
Citizens of Little Elm:

The Town of Little Elm Finance Department is pleased to submit the Comprehensive Annual Financial Report for the fiscal year ending September 30, 2018. Provided herein is a complete set of financial statements in conformity with generally accepted accounting principles GAAP and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

The purpose of this report is to provide council, management, staff, the public and other interested parties with detailed information regarding the Town's financial condition. State Law requires that every general purpose local government publish, within six months of the close of fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2018.

This report consists of management's representations concerning the finances of the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

Also included in this report is an unmodified ("clean") opinion on the Town of Little Elm's financial statements for the year ended September 30, 2018 issued by Weaver, L.L.P. The independent auditors' report is located in the beginning of the financial section of the CAFR.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal.

TOWN PROFILE

Little Elm had its humble beginnings as part of the Peters Colony settlement and was chartered in 1841 as part of the Republic of Texas. By 1900, Little Elm had a population of 194 residents. The Town's first census count was in 1970 and was reported with a population of 363 residents. There has been incredible growth since the 1970's by more recent estimates of over 38,000.

Once a farming community nestled on Lake Lewisville, today, the Town is primarily a bedroom community. The Town is all wet, in the sense that over 66 miles of the Town's corporate town limits are shoreline on Lewisville Lake meaning that almost anywhere you travel in town, neighborhoods have a view of the lake, for which the Town is drawing more attention within the Dallas-Fort Worth metroplex region.

The Town of Little Elm was officially incorporated in 1966 encompassing 1,222 acres and in 2001 adopted the council-manager form of government and its Home Rule Charter. A mayor and six council members are elected on staggered, three-year terms on a non-partisan basis. The Mayor, Place 1, and Place 6 are elected at-large, whereas Place 2, 3, 4, and 5 are elected by district. After a recent Town Charter Amendment election, beginning with the election in May 2020, there are new guidelines for Town Council elections. The Council Member elected in at-large Place 1 shall serve for a term of two (2) years until the election in May, 2022, after which time the Council Member elected in at-large Place 1 shall serve a term of three (3) years from that election going forward. Beginning with the election in May, 2021, the Council Member elected in single member district Place 5 shall serve a term for two (2) years until the election in May, 2023, after which time the Council Member elected in single member district Place 5 shall serve a term of three (3) years from that election going forward.

Under the provisions of the Town Charter, and subject only to the limitations imposed by the Texas Constitution, State Law, and the Town Charter, the Town Council enacts legislation, adopts the annual operating budget, and sets policy. The Town Manager under the oversight of Town Council is responsible for the proper administration of the operations of the Town.

Services Provided

The Town provides a full range of public services. These services include police, fire protection, emergency medical services, construction and maintenance of streets and other infrastructure; recreation services, library services; parks maintenance and public utilities. The Town's utilities include water and sewer, drainage and sanitation services. The Town operates its own sewer treatment facility.

Community Waste Disposal ("CWD") provides solid waste collection; and, the North Texas Municipal Water District ("NTMWD") provides water for the Town on a "take-or-pay" basis. The Town's drainage utility operates to mitigate drainage and environmental hazards and is self-supporting with fees billed monthly to all residential and commercial customers. The Town provides on a contractual basis to areas in its extra-territorial jurisdictions ("ETJ") public safety and construction inspections.

Financial System and Budgetary Controls

Town Council is required to adopt an annual operating budget no later than the beginning of the fiscal year. The process begins with the staff of each department submitting their annual budget requests during workshop. It is during this collaborative workshop setting including the Town Manager, Department Directors, and involved staff, each fund's proposed budget is

balanced to comprise the Town Manager's Proposed Budget to Town Council. The proposed budget receives additional scrutiny by Town Council by holding subsequent workshop sessions. Prior to official adoption of the budget and tax rate by Town Council, any required public hearings on the proposed tax rate and budget are held to allow for public input.

The budget is developed on a departmental level and adopted at the fund level. The level of control at which expenditures may not exceed budget with our Town Council approval is at the fund level. The Town Manager has authority to approve individual departmental budget overages. The budget is amended by ordinance when the budget is exceeded at the fund level or for any that were unforeseen during the regular budget process.

This report includes all funds of the Town including its component units. The Town's component units are legally separate entities for which the Town is financially accountable but are not part of the Town's operations.

The Town's discretely presented component units are:

- Little Elm Economic Development Type 4A Sales Tax Corporation (EDC)
- Little Elm Community Development Type 4B Sales Tax Corporation (CDC)

ECONOMIC CONDITIONS AND OUTLOOK

Regional Economy

Little Elm, part of the Dallas/Fort Worth Metroplex, maintains a very strong economy and is ranked as one of the fastest growing cities in the state. Little Elm's population exceeds the state average in education and income, and is increasingly trending younger and technologically proficient. The Town's footprint is just over 21 square miles and boasts some 66 linear miles of lake shoreline within its boundaries. Little Elm is located approximately 10 miles east of the City of Denton and 33 miles north of downtown Dallas on the northeast shore of Lewisville Lake and is the sixth largest municipality in Denton County.

The Town has experienced rapid population growth, increasing from a 2000 U.S. Census population of 3,646, to a 2010 U.S. Census population of 25,898, a 610% increase. The Town's estimated population has grown over the last fiscal year by 16% from 38,194 in fiscal year 2017 to 44,372 in fiscal year 2018. Personal Income has increased from $1,384,074,172 in fiscal year 2017 to $1,682,941,216 in fiscal year 2018 or 22%. The fiscal year 2018 unemployment rate of 2.9% is the lowest rate recorded within the ten year scope.

The Town's Development Services permitting activity grew from 1,084 single family units in fiscal year 2017 to 1,101 in fiscal year 2018. There are 18,673 inspections for single family units in fiscal year 2018 with total fees of $6,272,050 in comparison to 21,497 inspections in fiscal year 2017 with total fees of $4,943,156 The fiscal year 2018 total estimated construction value of new home starts is $369,828,514 with an average home value of $374,320. There were 9 new commercial building permits issued in fiscal year 2018, compared to 24 in fiscal year 2017.

LONG-TERM FINANCIAL PLANNNG

Long-Term Financial Planning Process

- **Operations and Maintenance**: Each year the Town prepares a balanced budget, with the involvement of the Town Council, Town Manager, Executive Management Team, finance staff and other employees. Discussions regarding the future of the Town's financial health are a high priority during budget preparation. Fiscal year 2018 was the fifth year for the Town to utilize a multi-year budgeting format. The multi-year budget process takes historical trends, changes in policy and economic conditions (now and projected) into consideration as applicable. The total number of budgeted full-time equivalents (FTE's) is 266.7 for the 2018 budget.

- **Capital Improvement Program**: A major component of the budgeting process every year is the Capital Improvement Program (CIP). Extensive planning takes place throughout the year involving input from the Town Council, Town Boards (Parks Board, Planning and Zoning Board) and the Executive Management Team. The focus of this planning is ongoing funding of current CIP projects, and how the Town will fund currently unfunded CIP projects in the future. During this process, attention is given to the impact the projects will have on the future operations and maintenance costs.

Anticipated Long-Term Financial Impacts

Due to the growth on the 380 corridor, Town Council created four Public Improvement Districts and participates in four Tax Increment Reinvestment Zones ("TIRZ") (#3, #4, #5, and #6). Note 14 to the Financial Statements specifically addresses the creation for each zone and district.

In summary, the Town Council created TIRZ #3 to create an economic engine within the Lakefront district. TIRZ #4 was created in December 2013 for the Valencia on the Lake multi-phase residential development of approximately 447.942 acres. The Town also created the Valencia Public Improvement District ("PID") in September 2013 to finance certain public infrastructure improvements within the development. The Town Council created TIRZ #5 in December 2014 within the Lincoln Park 380 corridor to promote development. TIRZ #5 zone has removed sections and added additional property to create the existing 943.5 acre zone. The Hillstone Pointe PID No. 2 was created in June 2015. It is located at the northern section of TIRZ #5. The Town's third PID, Rudman Tract Public Improvement District was created in October 2016. TIRZ #6 was created in November 2016 to be contiguous with the Rudman Tract to help the area develop. The area encompasses 146.8 acres. The Town on December 20, 2016 created the fourth PID for the Town of Little Elm. This PID is located at the Town's northern border next to Highway 380 and will be identified as Lakeside Estates PID No. 2. A TIRZ was not approved to assist with the development of this project.

Fiscal Year 2018 Highlights, and Future Outlook

The most notable CIP projects closed during fiscal year 2018 include Brent Trail, McCord Park Splash Pad Project, Fire Station #3, 423 East Trail, Eldorado Estates screening wall and Dickson Road Hill Lane Utility Improvements. CIP projects currently underway include McCord Park

Improvements of the Dog Park and Trail, Harts-Branch Trail, WWTP expansion, West side Lift Station and Utility Service Center expansion.

We are continuing to place a great emphasis on Special Events and have planned for growth of Town sponsored events. The events that are planned included Autumn Fest, Pumpkin Hollow/ Haunted Trail, Christmas at the Beach, Big Easy, Brew & Cue festival, July Jubilee, Big Texas Paddle Fest and a signature beach party.

The year's activities and events provided the citizens of Little Elm with a wide array of recreation, cultural, commercial and infrastructure services that will affect the quality of life in the town and set the stage for changes that will have a lasting impact both on the short-term and long-term future.

The Little Elm Economic Development Corporation continues its work in attracting high quality businesses to Little Elm in order to increase both the tax base and local employment. The Town continues to benefit from other favorable conditions associated with a desirable location for work, destination, and living.

RELEVANT FINANCIAL POLICIES

Accounting System

The diverse nature of governmental operations and the necessity of complying with legal provisions require an accounting system unlike those used by commercial enterprises. Rather than establishing a single unified set of accounts for recording and summarizing all financial transactions, the accounts of the Town are organized on the basis of funds; each of which constitutes a separate accounting entity.

Accounting and Budgetary Controls

The Finance Department assures legal compliance with the budget and provides a check and balance system to maintain a solid assurance that the Town's assets are protected and safeguarded. We believe that the Town's accounting controls provide reasonable assurance that errors or irregularities would be detected within a timely period by employees in the normal course of performing their assigned function.

The Town's accounting records for general governmental operations are maintained on a modified accrual basis with the revenues being recorded when available and measurable, and expenditures being recorded when the goods or services are received and the liabilities are incurred. On the other hand, the Town's Proprietary Fund are maintained on a full accrual basis.

Relevant Financial Policies

The Town has established reserve policies for its' operating funds. The Town will maintain an unassigned fund balance in its General Fund equal to three months or 25% of the regular

General Fund operating expenditures. Additionally, The Town will maintain a reserve of near cash and investments in the Water Wastewater Fund equal to two months (60 days) of the total operating revenue. The reserve will be calculated based on total operating revenues from the last audited financial statements of the Water Wastewater Fund.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2017. This was the eighth year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a municipality must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the Town Manager, Mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Little Elm's finances.

Respectfully submitted,

Karla Stovall

Karla Stovall, CPM, CGFO
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Little Elm

Texas

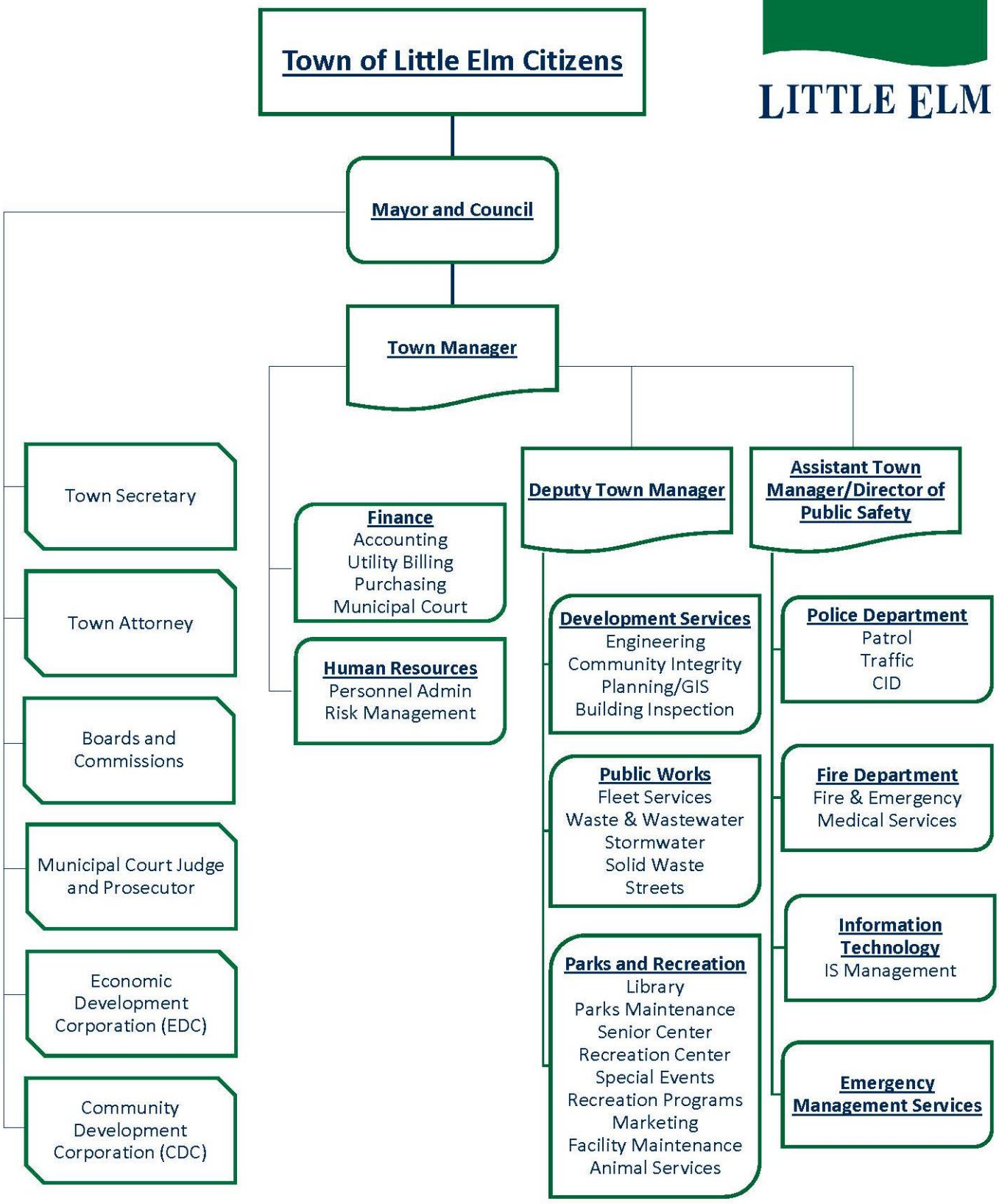
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

TOWN OF LITTLE ELM, TEXAS



TOWN OF LITTLE ELM, TEXAS

Town Officials

Council Members

David Hillock	Mayor
Curtis Cornelious	At Large Place 1
James Dominy	District 2
Neil Blais	Mayor Pro Tem, District 3
Chip Norman	District 4
Nick Musteen	District 5
Stephanie Shoemaker	At Large Place 6

Council Members

Executive Staff

Executive Staff

Matt Mueller	Town Manager
Doug Peach	Deputy Town Manager
Karla Stovall	Chief Financial Officer
Rodney Harrison	Police Chief
Kathy Phillips	Town Secretary
Brian Roach	Fire Chief
Deidre Hale	Director of Human Resources
Joe Florentino	Assistant Town Manager/Director of Public Safety
Kevin Mattingly	Director of Public Works
Chad Hyde	Director of Parks and Recreation
Fred Gibbs	Director of Development Services
Jennette Espinosa	EDC Executive Director

Page has been left blank intentionally.

Financial Section

Page has been left blank intentionally.

Independent Auditor's Report

To the Honorable Mayor,
Town Council, and Town Manager
Town of Little Elm, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Little Elm (the Town), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201
Main: 972.490.1970 | Fax:972.702.8321
CPAs AND ADVISORS | WEAVER.COM

The Honorable Mayor,
Town of Little Elm, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note 17 to the financial statements, in 2018, the Town adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Beginning net position has been restated to reflect the change in accounting principle for implementation of this Statement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 5-15), budgetary comparison information (Pages 70-72), and TMRS pension and OPEB schedules (pages 73-77) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable Mayor,
Town of Little Elm, Texas

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 13, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 13, 2019

Page has been left blank intentionally.

As management of the Town of Little Elm, we offer the reader of the Town's financial statements this narrative overage and analysis of the financial activities of the Town of Little Elm for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report and the financial reports that follow in this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $210,645,238 (net position). Of this amount $31,589,281 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by $39,156,319 during the fiscal year, exclusive of the cumulative effect of the implementation of GASB Statement No. 75.
- The Town's total amount of outstanding debt is $111,304,432, which is a net increase of $8,726,409 when compared to the prior year. The Town issued $15,460,000 in Certificates of Obligation on August 15, 2018 for the purpose of paying the Town's contractual obligations for the constructing, improving and equipping the Town's aquatics center; constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor; acquiring, constructing, improving and equipping municipal park and recreational facilities, including the acquisition of land therefor; and professional services rendered in connection with the construction and financing of the foregoing project. Details can be found in the notes to the financial statements.
- As of the close of the current fiscal year, the Town of Little Elm's governmental funds reported a combined ending fund balance of $50,499,269, an increase of $22,828,561 in comparison with the prior year. Within this total, $28,677,341 (57%) is restricted by specific legal requirements, $21,005,800 (42%) is unassigned fund balance, $751,574 (1%) is committed to specific types of expenditures and $64,554 is nonspendable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Little Elm's basic financial statements. The Town of Little Elm's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broader overview of the Town's finances, in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

The Statement of Net Position presents information on all the Town's assets and liabilities, and deferred inflows/outflows of resources with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the Town is improving or deteriorating. The statement of net position combines and consolidates governmental and business-type current financial resources with capital assets and long-term obligations. In order to assess the overall health or financial condition of the Town, other non-financial factors should also be taken into consideration. These include changes in the Town's property tax base and the condition of the Town's infrastructure (i.e., streets, drainage improvements, storm and sewer lines, etc.).

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide statements distinguish between governmental activities and business-type activities. Governmental activities basically account for those activities supported by taxes and intergovernmental revenues. On the other hand, business-type activities are basically supported by user fees and charges. Most Town services are reported in governmental activities while business-type activities are reported in the Enterprise Fund. The governmental activities of the Town include general government, community services, public safety, public works, and culture and recreation. The business-type activities of the Town include water and sewer services and solid waste services.

The government-wide financial statements include not only the Town of Little Elm itself (known as the primary government), but also two discretely presented component units. The Town's sales tax corporations are the Little Elm Economic Development Corporation 4A (LEEDC) and Little Elm Community Development Corporation 4B (LECDC). Although legally separate, these component units operate under the criteria of board appointment and removal by the Town Council. Approval and oversight of capital projects as well as budget appropriations and approval is under the authorization of the Town Council.

Fund financial statements. The Town, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Little Elm maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund and the PID capital projects fund, all of which are considered to be major funds. All capital project funds are combined for a single, aggregated presentation. Data from the other non-major funds are also combined and reported in a single column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The Town maintains two types of proprietary funds: enterprise funds and an internal service fund. Enterprise funds are used to report the same function as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water/sewer and solid waste operations. The internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town of Little Elm uses its internal service fund to account for vehicle and equipment replacements.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Little Elm's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town has one fiduciary fund, the PID Agency Fund.

Notes to the financial statements. The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

At the end of fiscal year 2018, the Town's net position (assets exceeding liabilities) totaled $210,645,238. This analysis focuses on the net position (Table 1) and charges in net position (Table 2).

Net Position. The largest portion of the Town's net position, $163,914,687 or 78% reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

An additional portion of the Town's net position, $15,141,270 or 7%, represents resources that are subject to external restrictions on how they may be used. The unrestricted portion of net position which is $31,589,281 or 15% may be used to meet the government's ongoing obligations to citizens and creditors.

Table 1
Condensed Schedule of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 60,436,321	$ 35,543,325	$ 25,495,231	$ 29,977,377	$ 85,931,552	$ 65,520,702
Capital assets	165,531,793	145,514,730	77,414,060	68,029,252	242,945,853	213,543,982
Total assets	225,968,114	181,058,055	102,909,291	98,006,629	328,877,405	279,064,684
Deferred outflows of resources	2,072,661	2,725,366	1,040,164	1,186,610	3,112,825	3,911,976
Current liabilities	5,562,160	5,014,072	3,604,653	3,641,003	9,166,813	8,655,075
Noncurrent liabilities	65,848,186	54,228,379	45,456,246	48,349,644	111,304,432	102,578,023
Total liabilities	71,410,346	59,242,451	49,060,899	51,990,647	120,471,245	111,233,098
Deferred inflows of resources	800,446	-	73,301	-	873,747	-
Net position:						
Net investment in capital	123,244,861	103,484,651	40,669,826	38,221,407	163,914,687	141,706,058
Restricted	12,374,755	7,463,780	2,766,515	2,014,670	15,141,270	9,478,450
Unrestricted	20,210,367	13,592,539	11,378,914	6,966,515	31,589,281	20,559,054
Total net position	$ 155,829,983	$ 124,540,970	$ 54,815,255	$ 47,202,592	$ 210,645,238	$ 171,743,562

Changes in Net Position. The net position of the Town increased by $39,156,319 from the prior year, exclusive of the cumulative effect of the implementation of GASB Statement No. 75.

Governmental Activities. Governmental activities increased the Town's net position by $31,519,618 from the prior year. This was due in part to an increase in the ad valorem tax revenues, sales tax revenues and charges for services.

Business-type Activities. Net position from business-type activities increased $7,636,701 from the prior year. Increased utility revenues from growth of our customer base are partially responsible for this increase in net position. However, increased water revenue, sewer services and interest revenue also played a role in our increase in the net position since the prior fiscal year.

Government-Wide Financial Analysis

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	$ 11,973,120	$ 10,495,522	$ 20,149,486	$ 17,711,070	$ 32,122,606	$ 28,206,592
Operating grants and contributions	1,909,369	2,486,348	194,520	50	2,103,889	2,486,398
Capital grants and contributions	34,764,994	8,269,408	2,224,101	1,363,346	36,989,095	9,632,754
General revenues:						
Property taxes	21,827,298	18,817,352	-	-	21,827,298	18,817,352
Sales taxes	4,881,118	4,303,543	-	-	4,881,118	4,303,543
Franchise taxes	2,339,724	2,133,889	123,504	114,365	2,463,228	2,248,254
Investment Income	628,922	291,461	307,881	151,282	936,803	442,743
Other	751,830	2,326,196	59,830	42,383	811,660	2,368,579
Gain on sale of capital assets	-	19,709	15,864	21,711	15,864	41,420
Total revenues	79,076,375	49,143,428	23,075,186	19,404,207	102,151,561	68,547,635
Expenses:						
General government	10,282,772	7,030,639	-	-	10,282,772	7,030,639
Community service	2,837,652	2,562,510	-	-	2,837,652	2,562,510
Public safety	17,650,976	14,962,540	-	-	17,650,976	14,962,540
Public works	6,274,905	4,620,071	-	-	6,274,905	4,620,071
Culture and recreation	5,597,971	3,813,775	-	-	5,597,971	3,813,775
Interest expense	4,970,121	1,705,104	-	-	4,970,121	1,705,104
Water and sewer services	-	-	13,442,962	13,091,003	13,442,962	13,091,003
Solid waste services	-	-	1,937,883	1,885,091	1,937,883	1,885,091
Total expenses:	47,614,397	34,694,639	15,380,845	14,976,094	62,995,242	49,670,733
Change in net position before transfers	31,461,978	14,448,789	7,694,341	4,428,113	39,156,319	18,876,902
Transfers	57,640	2,297,150	(57,640)	(2,297,150)	-	-
Change in net position	31,519,618	16,745,939	7,636,701	2,130,963	39,156,319	18,876,902
Net position - beginning	124,540,970	107,795,031	47,202,592	45,071,629	171,743,562	152,866,660
Cumulative effect of accounting change	(230,605)	-	(24,038)	-	(254,643)	-
Net position - ending	$ 155,829,983	$ 124,540,970	$ 54,815,255	$ 47,202,592	$ 210,645,238	$ 171,743,562

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined fund balances of $50,499,269.

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, unassigned fund balance was $21,148,258. The unassigned fund balance of the General Fund increased by $5,487,462 during the current fiscal year. This increase was primarily due to an increase in revenues, particularly revenue from ad valorem property taxes.

The Debt Service Fund had an increase of $406,992 in fund balance. This was due to the increase in ad valorem property tax revenue. These funds are specifically restricted for the payment of debt service. The Capital Projects Fund increased by $12,391,659 due to the issuance of debt for $15,460,000 this fiscal year. PID Capital Projects Fund increased by $3,337,261 due to contributions due to the growth in existing PIDS as well as the addition of two new PID's, Hillstone Pointe and Lakeside Estates. Other governmental funds' combined fund balances increased by $1,454,332.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Unrestricted net position of the Enterprise Funds at the end of the year was $11,378,914. This represents an increase of $4,412,399. The increase is attributable to gains in water and sewer sales revenue as well as capital contributions. This year's operating revenue was $20,395,427. The increase of $2,641,974 from last year's operating revenue is attributable to increases in water and sewer sales revenue, the result of increases in rates and consumption.

General Fund Budgetary Highlights. In FY 2018, the General Fund expenditure budget was increased by $4,383,660 over the 2017 budget. Amendments made during the fiscal year 2018 increased the original revenue budget by $192,000 and increased the expenditure budget by $3,118,846. Amendments were for insurance proceeds, grant awards, and unanticipated expenditures during the year. During the fiscal year the Town analyzes their quarterly financial statements and determines if a budget amendment is reasonable and necessary. All budget amendments receive scrutiny and Town Council approval though an ordinance.

In the General Fund, the actual revenue received in comparison to the final budget was over budget by $3,605,655. This positive variance is most noticeable in licenses and permits and charges for service revenue. General Fund expenditures had a final budget to actual variance of $4,178,414 prior to other financing sources/uses. This positive variance is the result of savings experienced in nearly all departments. Also some budgeted projects were not completed in FY2018 and were encumbered to the FY2019 budget.

Capital Assets and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounts to $242,945,853 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, park facilities, vehicles, machinery and equipment, roads, bridges and water and sewer lines. About 68% of the capital assets are governmental and 32% are business-type activities. The total increase in the Town's investment in capital assets for the current year was 14%.

Table 3
Capital Assets at Year-end
(net of accumulated depreciation)

	Governmental activities		Business-type activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	$ 9,166,511	$ 9,210,631	$ 1,639,066	$ 1,639,066	$ 10,805,577	$ 10,849,697
Construction in progress	9,392,093	19,899,456	14,378,345	5,234,854	23,770,438	25,134,310
Buildings	34,282,454	23,389,848	22,339	26,900	34,304,793	23,416,748
Infrastructure	86,928,488	71,781,836	60,266,691	59,862,563	147,195,179	131,644,399
Other improvements	18,907,723	13,636,734		-	18,907,723	13,636,734
Machinery and equipment	6,854,524	7,596,225	1,107,619	1,265,869	7,962,143	8,862,094
Total	$ 165,531,793	$ 145,514,730	$ 77,414,060	$ 68,029,252	$ 242,945,853	$ 213,543,982

Additional information on the Town's capital assets can be found in Note 5 of the notes to the financial statements.

Debt Administration. At the end of the current fiscal year, the Town of Little Elm had total bonded debt outstanding of $111,304,432, all of which is backed by the full faith and credit of the Town. Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

Table 4
Outstanding Debt
Outstanding Debt and Long-Term Liabilities

	Governmental activities		Business-type activities		Total Primary Government		Component Units	
	2018	2017	2018	2017	2018	2017	2018	2017
Gross bonded debt:								
General obligation	$ 23,612,615	$ 18,780,000	$ 19,687,382	$ 24,155,000	$ 43,299,997	$ 42,935,000	$ -	$ -
Certificates of obligation	33,220,000	25,836,155	22,445,000	20,533,843	55,665,000	46,369,998	-	-
Total bonded debt	56,832,615	44,616,155	42,132,382	44,688,843	98,964,997	89,304,998	-	-
Other long-term debt:								
Capital leases	-	17,932	-	-	-	17,932	-	-
Tax notes	855,000	1,205,000	-	-	855,000	1,205,000	-	-
Notes Payable	-	-	700,000	800,000	700,000	800,000	12,427,001	13,199,912
Unamortized premiums	1,984,780	1,336,631	1,782,654	1,933,728	3,767,434	3,270,359	-	-
Compensated absences	2,180,586	1,890,333	313,232	277,435	2,493,818	2,167,768	42,522	34,233
Total OPEB liability	289,083	-	30,135	-	319,218	-	-	-
Net pension liability	3,706,122	5,162,328	497,843	649,638	4,203,965	5,811,966	-	-
Total other long-term debt	9,015,571	9,612,224	3,323,864	3,660,801	12,339,435	13,273,025	12,469,523	13,234,145
Total	$ 65,848,186	$ 54,228,379	$ 45,456,246	$ 48,349,644	$111,304,432	$102,578,023	$ 12,469,523	$ 13,234,145

The Town continues to maintain favorable ratings from the bond rating agencies. Standard & Poor's rating continues to be AA. The outlook is stable. The rating reflects the Town's economic improvement driven by strong tax base growth coupled with sustained and very strong reserves.

Additional information on the Town's long-term debt can be found in Note 8 of the notes to the financial statements.

Discretely Presented Component Units

The Little Elm Economic Development Corporation (LEEDC) and Little Elm Community Development Corporation (LECDC) have been included in the reporting entity as discretely presented components unit since they provide benefits to other entities aside from the Town. Separate audited financial statements are not issued for LEEDC or LECDC.

The Economic Development Corporation (LEEDC) is a legally separate governmental entity that promotes (a) existing business enterprise expansion and retention, and (b) new business enterprise development. The LEEDC's fund balance at fiscal year-end was $1,185,455. This is an decrease of $1,123,643 from the prior year. The LEEDC's total revenues were $2,396,464 of which $1,876,683 was from sales taxes. For the year, the LEEDC had expenditures of $3,537,359. Of this amount $2,207,508 was for economic and physical development and $17,252 was lease principal payments.

Additional information on the LEEDC's long-term debt can be found in Note 8 of the notes to the financial statements.

The Community Development Corporation (LECDC) is a legally separate governmental entity tasked with bringing recreational, facility development and tourism opportunities to the Town and is supported by a voter approved sales tax. The LECDC's fund balance at year-end was $500,340. This is an increase of $95,592 from the prior year. The LECDC's total revenues were $981,573 of which $975,363 was from sales taxes. For the year, the LECDC had expenditures of $885,981. Of this amount $873,981 was for economic and physical development and $12,000 for general government.

Economic Factors and Next Year's Budgets and Rates

Little Elm is still one of the fastest growing areas in the nation and with that comes a tremendous number of challenges, but also outstanding opportunity. With this growth, there are new sources and higher amounts of revenue, but there is also a mounting list of needs for programs and services to accommodate the growth and meet the expectations of the community.

Beginning with the 2016-2017 budget, our goal has been to successfully present a five-year balanced budget (technically a one-year budget and 4-year financial plan) to the Council for consideration. The purpose of the approach is to ensure that we are providing sustainable services in Little Elm's high growth environment. This is particularly important as we continue expanding services on Highway 380 to account for the new residents moving to the area.

For the last several years, it has been the goal to keep the tax rate at a competitive level with other cities and towns while still providing adequate revenue to fund the needs of a rapidly growing community now and into the future. This year, the Town was able to adopt a reduced tax rate of $.64990 and still meet those objectives. The 2018-2019 rate is at $.64990 per $100 of taxable value. Of the total tax rate, $.479431 is dedicated to general operations and maintenance (O&M) in the General Fund, and $.170469 is dedicated to general obligation debt service (I&S).

Some of the more significant upcoming capital projects are listed below (Many of these projects cover several years, so they are not limited to the FY 18-19 budget). Projects include various parks and trail projects, WWTP expansion, Utility Service Center expansion and an aquatic center, several road reconstruction projects and Little Elm Honor Park.

The fiscal year 2018-2019 operating budget increased by 9% or $4,287,752, from fiscal year 2017-2018 budget. General revenues for property taxes were budgeted with an 11% or $2,319,932 increase from fiscal year 2017-2018 even after lowering the overall tax rate. General revenues for property taxes was budgeted with an 11% increase and a 5% increase was forecast for sales tax. Major increases in operational costs are:

Compensation and Benefits (includes Public Safety Plan Update)	$1,400,000
Additional Personnel (not including Fire)	$ 600,000
Cost of Water for NTMWD	$ 700,000
IT Upgrades	$ 500,000

The Vehicle Equipment Replacement Fund (VERF) was established in FY 2014. Annual payments are made by participating departments. The total transfer to this fund in the 2019 budget is $1,467,447.

In order to maximize the life of Police vehicles to save maintenance costs and reduce replacement funding, staff has been working within the VERF to increase the number of Police units in the fleet. The goal is for each officer to be assigned one vehicle rather than one vehicle assigned to multiple officers. This will require the addition of 11 vehicles and will occur over several budget cycles. The initial vehicle purchases will be placed within the Police Department Operating budget.

The total number of budgeted employees or FTE's (Full-time equivalents) is 283 for a salary with benefits cost of $26 million (including new positions). New positions budgeted for FY 2018-2019 are: Police: a Detective, three-Patrol Officers, and three-School Resource Officers; Administration: Assistant to the Town Manager; Wastewater Treatment: Operator: Parks: Equipment Operator and Maintenance Worker; Fleet-Small Engine Tech PT to FT; Facilities Maintenance: Craft Technician PT to FT; Library-PT Library Assistant; and Finance- PT Buyer.

The 2018-2019 budget reflects the efforts of the governing body and Town staff to address the need to provide services and facilities to support our vibrant and growing community, while still maintaining a strong financial position.

Tax Increment Reinvestment Zones and Public Improvement Districts

The Town Council created and participates in a total of four Tax Increment Reinvestment Zones ("TIRZ")(#3, #4, #5, and #6). The two original TIRZ created in 2008 referred to as TIRZ #1 and TIRZ #2 were terminated in November 2013. Subsequent to the creation of the two TIRZ zones, the Council on February 3, 2009 authorized and established the creation of the Little Elm Redevelopment Authority ("LERA"). The LERA was dissolved in February 2014. Upon the termination of TIRZ #1 in 2013, the Town created TIRZ #3 for the "Lakefront District" which consists of approximately 847 acres and has a base taxable assessed value of $46,554,879.

The Town Council created TIRZ #4 in December 2013 for the Valencia on the Lake multi-phase residential development of approximately 447.942 acres. The Town also created the Valencia Public Improvement District ("PID") in September 2013 to finance certain public infrastructure improvements. The PID and the TIRZ boundaries are contiguous as the goal of the TIRZ is to assist with the development. The Town issued two series of special assessment revenue bonds (the "PID Bonds") in the amounts of $12,240,000 and $4,000,000 in February 2014 that are secured solely from assessment revenues generated within the Valencia PID. The bonds funded major improvement projects to include certain roadway, water, wastewater and drainage improvements. On November 6, 2018 the Town issued three series of bonds for the Valencia on the Lake PID. The first series of revenue bonds refunded the 2014 Phase #1 Bonds, refinanced the Phase #1 reimbursement agreement portion of the 2014 bonds and restructured the debt service requirements by passage of Ordinance No.1445. The second series of revenue bonds were identified as the Improvement Area #2 Refunding and Improvement Bonds and were issued to refund a portion of the 2014 bonds used to finance improvements related to Improvement Area #2, refinance the pro rata portion of the Phase #2 local improvements and financed additional improvements relating in Improvement Area #2 thru Ordinance No. 1446. The Major Improvement Area Refunding Bonds were the third series of bonds issued in FY2018 thru Ordinance No. 1447. They were to refund the pro-rata portion of the 2014 Major Improvement Bonds related to Phases #2B, #3B, and #4.

The Town Council created TIRZ #5 in December 2014 with a base value of Real Property of $6,728,553. The TIRZ #5 zone has removed sections and added additional property to create the existing 943.5 acre zone. The Hillstone Pointe PID No. 2 was created in June 2015. It is located at the northern section of TIRZ #5 and its boundaries are not contiguous. TIRZ #5 and Hillstone Pointe PID No. 2 are located near the 380 Corridor within the newly annexed area on the northern boundary of the Town of Little Elm. The Town issued $6,000,000 in special assessment revenue bonds (the "PID Bonds") for Phases #1-1a thru approval of Ordinance No. 1422 on October 17, 2017. The Bonds are secured solely from assessment revenues generated within the Hillstone Pointe PID No. 2. The Bonds funded Phase 1 and Phase 1A improvements which included certain roadway, water system, storm drainage, sanitary sewer, screening and landscaping and other soft and miscellaneous improvements. The Town intends to issue the next set of Bonds for the Hillstone Pointe PID No. 2 Phases 2 and 3 thru Ordinance No. 1471.

The Town's third PID was created by the Town on October 2016 identified as the Rudman Tract Public Improvement District to finance the costs of certain public improvements for the benefit of property in the PID. TIRZ #6 was created in November 2016 to be contiguous with the Rudman Tract to help the area develop. The area encompasses 146.8 acres. The Town approved reimbursement obligations to finance the public improvements provided for the benefit of the property in the PID. Phase #1 Reimbursement Agreement of $7,300,000 and Phase #2 Major Improvements Reimbursement Agreement of $2,075,000 are secured by special assessments. The Town consented to the assignment of the reimbursement amounts between the OPLE Prairie Oaks Development, Inc. and the Public Finance Authority ("PFA") in May 2017. Bonds were issued by the Wisconsin PFA for the development in May 2017.

The Town on December 20, 2016 created the fourth PID for the Town of Little Elm. This PID is located at the Town's northern border next to Highway 380 and will be identified as Lakeside Estates PID No. 2. A TIRZ was not approved to assist with the development of this project. The Town authorized the issuance and sale of special assessment revenue bonds, Series 2017 in

December 2017 for $4,700,000. The bonds funded improvements which included certain roadway, water distribution system, storm drainage, sanitary sewer, screening and other PID Bond issuance costs.

The TIRZ and PID's in respect to their duration and the projects to be undertaken and other terms and conditions are set forth in the respective ordinances creating such zones and the public improvement districts. Although current plans provide that project costs for the zones will be paid or reimbursed from tax increments as collected, the Town may determine at a future date to issue bonds or other obligations secured by or payable in whole or in part from Tax Increment Revenues. The owners of the PID Bonds do not have the right to demand payment from any funds of the Town other than the pledged revenues, consisting primarily of assessments levied and collected against the property within the specific PID, and the Town has no obligation to pay the PID Bonds from any other source.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Little Elm, 100 W. Eldorado Parkway, Little Elm, Texas 75068, or call (214)975-0415.

Page has been left blank intentionally.

Basic Financial Statements

Page has been left blank intentionally.

Town of Little Elm, Texas
Statement of Net Position
September 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	$ 56,053,709	$ 21,824,429	$ 77,878,138	$ 2,879,263
Receivables (net of allowance for uncollectibles)	4,084,742	3,213,621	7,298,363	573,397
Due from other governments	-	185,562	185,562	-
Note receivable from primary government - current portion	-	-	-	100,000
Due from component unit	82,656	-	82,656	-
Lease receivable	-	-	-	3,030,748
Prepaids	159,582	-	159,582	-
Inventories	55,632	271,619	327,251	-
Capital assets:				
Land	9,166,511	1,639,066	10,805,577	10,309,703
Depreciable assets, net	146,973,189	61,396,649	208,369,838	-
Construction in progress	9,392,093	14,378,345	23,770,438	-
Note receivable from primary government-noncurrent portion	-	-	-	600,000
Total assets	225,968,114	102,909,291	328,877,405	17,493,111
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	1,996,034	252,071	2,248,105	-
Deferred outflows - OPEB	26,033	2,714	28,747	-
Deferred loss on refunding	50,594	785,379	835,973	-
Total deferred outflows of resources	2,072,661	1,040,164	3,112,825	-
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	3,889,847	1,632,617	5,522,464	1,684,209
Due to primary government	-	-	-	82,656
Accrued interest payable	357,609	232,265	589,874	84,063
Retainage payable	579,470	480,620	1,060,090	-
Customer deposits	735,234	1,259,151	1,994,385	-
Non-current liabilities:				
Due within one year	5,903,174	2,848,867	8,752,041	616,697
Due in more than one year	59,945,012	42,607,379	102,552,391	11,852,826
Total liabilities	71,410,346	49,060,899	120,471,245	14,320,451
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	800,446	73,301	873,747	-
Total deferred inflows of resources	800,446	73,301	873,747	-
NET POSITION (DEFICIT)				
Net investment in capital assets	123,244,861	40,669,826	163,914,687	(2,117,298)
Restricted:				
Construction	7,397,801	-	7,397,801	-
Enabling legislation	2,945,111	2,766,515	5,711,626	4,620,086
Streetscape	661,368	-	661,368	-
Debt service	840,242	-	840,242	169,532
Other	530,233	-	530,233	-
Unrestricted	20,210,367	11,378,914	31,589,281	500,340
Total net position (deficit)	$ 155,829,983	$ 54,815,255	$ 210,645,238	$ 3,172,660

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Activities
For the Year Ended September 30, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Functions/Programs:				
Governmental activities:				
General government	$ 10,282,772	$ 1,326,909	$ 17,082	$ 22,873,598
Community service	2,837,652	4,720,087	-	367,000
Public safety	17,650,976	2,830,765	1,520,216	-
Public works	6,274,905	1,480,153	28,735	10,416,296
Culture and recreation	5,597,971	1,615,206	343,336	1,108,100
Interest expense	4,970,121	-	-	-
Total governmental activities	47,614,397	11,973,120	1,909,369	34,764,994
Business-type activities:				
Water and sewer services	13,442,962	17,754,577	186,111	2,224,101
Solid waste services	1,937,883	2,394,909	8,409	-
Total business-type activities	15,380,845	20,149,486	194,520	2,224,101
Total primary government	$ 62,995,242	$ 32,122,606	$ 2,103,889	$ 36,989,095
Component Units:				
Economic Development Corporation	2,794,460	$ -	$ 217,253	$ -
Community Development Corporation	885,981	-	-	-
Total component units	$ 3,680,441	$ -	$ 217,253	$ -

General revenues:
Property taxes, penalty, and interest
Sales taxes
Franchise taxes
Interest
Miscellaneous
Gain on sale of capital assets
Transfers
Total general revenues and transfers
Cumulative effect of in net position

Net position at beginning of year
Cumulative effect of
change in accounting principal

Net position, end of year

The accompanying notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ 13,934,817	$ -	$ 13,934,817	$ -
2,249,435	-	2,249,435	-
(13,299,995)	-	(13,299,995)	-
5,650,279	-	5,650,279	-
(2,531,329)	-	(2,531,329)	-
(4,970,121)	-	(4,970,121)	-
1,033,086	-	1,033,086	-
-	6,721,827	6,721,827	-
-	465,435	465,435	-
-	7,187,262	7,187,262	-
$ 1,033,086	$ 7,187,262	$ 8,220,348	$ -
$ -	$ -	$ -	(2,577,207)
-	-	-	(885,981)
$ -	$ -	$ -	$ (3,463,188)
$ 21,827,298	$ -	$ 21,827,298	$ -
4,881,118	-	4,881,118	2,852,046
2,339,724	123,504	2,463,228	-
628,922	307,881	936,803	33,902
751,830	59,830	811,660	192,088
-	15,864	15,864	-
57,640	(57,640)	-	-
30,486,532	449,439	30,935,971	3,078,036
31,519,618	7,636,701	39,156,319	(385,152)
124,540,970	47,202,592	171,743,562	3,557,812
(230,605)	(24,038)	(254,643)	-
$ 155,829,983	$ 54,815,255	$ 210,645,238	$ 3,172,660

Town of Little Elm, Texas
Balance Sheet
Governmental Funds
September 30, 2018

	General Fund	Debt Service	Capital Projects	PID Capital Projects	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	$ 21,337,433	$1,095,967	$ 22,175,952	$ 5,230,433	$ 3,131,244	$ 52,971,029
Receivables, net of allowance for doubtful accounts						
Taxes	832,345	23,256	-	-	240,175	1,095,776
Franchise fees	833,079	-	-	-	-	833,079
Due from other governments	-	-	1,083,495	-	247,253	1,330,748
Due from component unit	-	82,656	-	-	-	82,656
Other	449,760	-	120,000	-	255,379	825,139
Due from other funds	142,358	-	-	-	-	142,358
Prepaids	8,922	-	-	-	-	8,922
Inventories	55,632	-	-	-	-	55,632
Total assets	$ 23,659,529	$1,201,879	$ 23,379,447	$ 5,230,433	$ 3,874,051	$ 57,345,339
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable and other current liabilities	$ 1,940,845	$ 4,028	$ 1,477,726	$ 50,907	$ 253,681	$ 3,727,187
Due to other funds	-	-	-	-	142,358	142,358
Accrued interest payable	-	25,214	-	-	-	25,214
Retainage payable	-	-	570,289	-	9,181	579,470
Deposits	79,290	-	655,944	-	-	735,234
Total liabilities	2,020,135	29,242	2,703,959	50,907	405,220	5,209,463
Deferred inflows of resources:						
Unavailable resources	426,582	19,432	999,113	-	191,480	1,636,607
Total deferred inflows of resources	426,582	19,432	999,113	-	191,480	1,636,607
FUND BALANCES						
Nonspendable	64,554	-	-	-	-	64,554
Restricted	-	1,153,205	18,924,801	5,179,526	3,419,809	28,677,341
Committed	-	-	751,574	-	-	751,574
Unassigned	21,148,258	-	-	-	(142,458)	21,005,800
Total fund balances	21,212,812	1,153,205	19,676,375	5,179,526	3,277,351	50,499,269
Total liabilities, deferred inflows of resources, and fund balances	$ 23,659,529	$1,201,879	$ 23,379,447	$ 5,230,433	$ 3,874,051	$ 57,345,339

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
September 30, 2018

Total governmental fund balances	$	50,499,269
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds financial statements (less $3,026,014 in assets allocated to governmental activities from the internal service fund).		162,505,779
Accrued interest on governmental activities debt is not reported in the governmental funds financial statements until paid.		(332,395)
Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements.		1,636,607
Unamortized losses on refunding are not due and payable and, therefore are not reported in the governmental funds financial statements. In the government-wide financial statements, the losses are reported as deferred outflows of resources.		50,594
Internal service funds are used by management to charge the cost of certain activities, such as fleet management, to individual funds. This amount represents the assets less the liabilities of the internal service fund allocated to governmental activities.		6,096,694
Net deferred outflows/inflows of resources related to the Town's net pension and total OPEB liability increases net position.		1,221,621
Net pension liability ($3,706,122) and total OPEB liability ($289,083) are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.		(3,995,205)
Premiums on bond issuance for governmental activities debt are included in other financing sources in the governmental funds financial statements.		(1,984,780)
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.		(2,180,586)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.		(57,687,615)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	155,829,983

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2018

	General Fund	Debt Service	Capital Projects	PID Capital Projects	Nonmajor Governmental Funds	Total
Revenues:						
Taxes:						
Property taxes, penalty, and interest	$ 15,759,245	$ 5,604,360	$ -	$ -	$ 500,329	$ 21,863,934
General sales and use taxes	3,793,815	-	-	-	1,087,303	4,881,118
Other taxes and franchise fees	2,292,074	-	-	-	47,650	2,339,724
Licenses and permits	4,105,031	-	522,228	-	-	4,627,259
Intergovernmental	518,461	82,657	858,533	-	178,515	1,638,166
Charges for services	3,797,275	-	-	-	765,591	4,562,866
Impact fees	-	-	592,384	-	-	592,384
Fines and forfeitures	765,229	-	-	-	423,533	1,188,762
Contributions	-	-	1,108,100	22,910,869	141,667	24,160,636
Interest	327,787	41,706	128,201	56,639	37,655	591,988
Other revenues	375,998	-	216,287	-	70,374	662,659
Total revenues	31,734,915	5,728,723	3,425,733	22,967,508	3,252,617	67,109,496
Expenditures:						
Current:						
General government	4,052,008	-	-	6,439,915	142,462	10,634,385
Community services	2,519,977	-	317,675	-	-	2,837,652
Public safety	15,773,178	-	-	-	631,722	16,404,900
Public works	3,232,957	-	-	-	494,554	3,727,511
Culture and recreation	3,952,086	-	-	-	23,106	3,975,192
Debt service:						
Principal retirement	-	3,593,540	-	-	-	3,593,540
Interest and fiscal agent fees	-	1,515,266	226,813	-	-	1,742,079
Other debt service costs	-	-	-	3,240,426	-	3,240,426
Capital outlay	78,143	-	7,710,399	8,949,906	137,993	16,876,441
Total expenditures	29,608,349	5,108,806	8,254,887	18,630,247	1,429,837	63,032,126
Excess (deficiency) of revenues over (under) expenditures	2,126,566	619,917	(4,829,154)	4,337,261	1,822,780	4,077,370
Other financing sources (uses):						
Proceeds from sale of assets	103,668	-	-	-	-	103,668
Issuance of certificates of obligation	-	-	15,460,000	-	-	15,460,000
Premium on debt issuances	-	-	766,813	-	-	766,813
Insurance proceeds	321,485	-	-	-	-	321,485
Transfers in	2,786,598	-	1,854,000	-	-	4,640,598
Transfers out	(100,000)	(212,925)	(860,000)	(1,000,000)	(368,448)	(2,541,373)
Total other financing sources (uses)	3,111,751	(212,925)	17,220,813	(1,000,000)	(368,448)	18,751,191
Net change in fund balances	5,238,317	406,992	12,391,659	3,337,261	1,454,332	22,828,561
Fund balance at beginning of year	15,974,495	746,213	7,284,716	1,842,265	1,823,019	27,670,708
Fund balance, end of year	$ 21,212,812	$ 1,153,205	$ 19,676,375	$ 5,179,526	$ 3,277,351	$ 50,499,269

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to Statement of Activities
For the Year Ended September 30, 2018

Net change in fund balances - total governmental funds	$ 22,828,561
Amounts reported for governmental funds in the statement of activities are different because:	
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	1,066,516
Capital outlays are reported as expenditures in governmental funds ; however, in the government-wide financial statements, the costs are capitalized as capital asset additions. Disposals of capital assets reduce net position. This amount is the net effect of $18,210,554 of capital outlay ($18,826,538 less $615,984 allocated from internal service fund) and $113,870 of disposals along with a contribution of capital assets to the water and sewer fund for $2,041,585.	16,055,099
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording depreciation expense is to decrease net position. Depreciation expense is $5,949,128 less the internal service fund depreciation expense of $491,597.	(5,457,531)
Donation of property from developers is not reported in the governmental funds. However, in the statement of activities, the fair market value of those assets is recognized as revenue.	9,295,108
The repayment of the principal of long term debt consumes the current financial resources of governmental funds, but has no effect on net position. The amortization of bond issuance costs, bond premiums, and deferred gain/loss on refunding of long term debt is reported in the statement of activities but does not require the use of current financial resources. Therefore the effect of the amortization of these various items are not reported in the statement of revenues, expenses, and changes in fund balance. This amount represents the net effect of the following items:	
o Debt issued ($15,460,000)	(15,460,000)
o Bond premiums from issuance ($766,813)	(766,813)
o Repayments of bonds $3,593,540	3,593,540
o Amortization of premium on bonds, $118,664, less the amortization of deferred loss on refunding ($12,863)	105,801
Governmental funds reflect capital lease proceeds as other financing sources and payments as expenditures. This amount represents the amount of year payments which is reflected as a reduction of liabilities in the government-wide financial statements.	17,932
Changes in compensated absences are not reported in the fund financial statements. The net effect of the current year increase is to decrease net position.	(290,253)
The following is the net effect of the current year of the net decreases in the TMRS pension and total OPEB liability, ($1,398,718), and net increases of deferred outflows/inflows for TMRS pension and OPEB, $1,441,278.	(42,560)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, to individual funds. The net income of the internal service fund is allocated entirely to governmental activities.	662,635
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental	(88,417)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 31,519,618

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Net Position
Proprietary Funds
September 30, 2018

	Business-type Activities Enterprise funds			Governmental Activities- Internal Service Fund
	Water and Sewer	Solid Waste	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and cash equivalents	$ 21,460,109	$ 364,320	$ 21,824,429	$ 3,082,680
Receivables (net of allowance for uncollectibles)	2,970,342	243,279	3,213,621	-
Due from other governments	185,562	-	185,562	-
Prepaids	-	-	-	150,660
Inventories	271,619	-	271,619	-
Total current assets	24,887,632	607,599	25,495,231	3,233,340
Capital assets:				
Land	1,639,066	-	1,639,066	-
Depreciable assets, net	61,241,224	155,425	61,396,649	3,026,014
Construction in progress	14,378,345	-	14,378,345	-
Total capital assets	77,258,635	155,425	77,414,060	3,026,014
Total assets	102,146,267	763,024	102,909,291	6,259,354
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	252,071	-	252,071	-
Deferred outflows - OPEB	2,714		2,714	-
Deferred loss on refunding	785,379	-	785,379	-
Total deferred outflows of resources	1,040,164	-	1,040,164	-
Total assets and deferred outflows of resources	$ 103,186,431	$ 763,024	$ 103,949,455	$ 6,259,354
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable and other accrued expenses	$ 1,460,170	$ 172,447	$ 1,632,617	$ 162,660
Accrued interest payable	232,265	-	232,265	-
Retainage payable	480,620	-	480,620	-
Customer deposits	1,259,151	-	1,259,151	-
Current portion of long-term debt	2,848,380	487	2,848,867	-
Total current liabilities	6,280,586	172,934	6,453,520	162,660
Long-term debt, net of current portion	42,607,379	-	42,607,379	-
Total liabilities	48,887,965	172,934	49,060,899	162,660
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	73,301	-	73,301	-
Net position:				
Net investment in capital assets	40,514,401	155,425	40,669,826	3,026,014
Restricted for:				
Impact fees	2,766,515	-	2,766,515	-
Unrestricted	10,944,249	434,665	11,378,914	3,070,680
Total net position	54,225,165	590,090	54,815,255	6,096,694
Total liabilities, deferred inflows of resources and net position	$ 103,186,431	$ 763,024	$ 103,949,455	$ 6,259,354

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
For the Year Ended September 30, 2018

	Business-type Activities Enterprise funds			Governmental-Activities
	Water and Sewer	Solid Waste	Total	Internal Service Fund
Operating revenues:				
Water sales	$ 10,085,661	$ -	$ 10,085,661	$ -
Charges for sewer services	6,956,761	-	6,956,761	-
Tap, connections, and other fees	657,502	-	657,502	-
Charges for solid waste	-	2,394,140	2,394,140	-
Contributions	-	-	-	1,246,836
Other revenue	300,594	769	301,363	-
Total operating revenues	18,000,518	2,394,909	20,395,427	1,246,836
Operating expenses:				
Personnel services	2,263,598	49,911	2,313,509	-
Contractual services	655,730	1,791,686	2,447,416	-
Repairs and maintenance	325,248	53,566	378,814	-
Supplies	5,814,543	16,311	5,830,854	129,538
Depreciation and amortization	2,239,169	26,031	2,265,200	491,597
Other operating expenses	684,612	378	684,990	-
Total operating expenses	11,982,900	1,937,883	13,920,783	621,135
Operating income	6,017,618	457,026	6,474,644	625,701
Non-operating revenues (expenses):				
Taxes	-	123,504	123,504	-
Gain on sale of assets	15,864	-	15,864	-
Interest income	299,831	8,050	307,881	36,934
Interest expense	(1,460,062)	-	(1,460,062)	-
Total non-operating revenue (expenses)	(1,144,367)	131,554	(1,012,813)	36,934
Income before capital contributions and transfers	4,873,251	588,580	5,461,831	662,635
Capital contributions and transfers				
Capital contributions	2,913,841	8,409	2,922,250	-
Impact fees	1,351,845	-	1,351,845	-
Transfers in	212,925	-	212,925	-
Transfers out	(1,746,150)	(566,000)	(2,312,150)	-
Total capital contributions and transfers	2,732,461	(557,591)	2,174,870	-
Change in net position	7,605,712	30,989	7,636,701	662,635
Cumulative effect of change in accounting principal	(24,038)	-	(24,038)	-
Net position at beginning of year	46,643,491	559,101	47,202,592	5,434,059
Net position, end of year	$ 54,225,165	$ 590,090	$ 54,815,255	$ 6,096,694

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2018

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Fund
	Water and Sewer	Solid Waste	Total	
Cash flow from operating activities:				
Receipts from customers and users	$ 17,699,158	$ 2,372,102	$ 20,071,260	$ 1,246,836
Payments to suppliers	(8,121,279)	(1,893,594)	(10,014,873)	(141,868)
Payments to employees	(1,609,900)	(13,219)	(1,623,119)	-
Net cash provided by operating activities	7,967,979	465,289	8,433,268	$ 1,104,968
Cash flow from noncapital financing activities:				
Transfers in	212,925	-	212,925	-
Transfers out	(1,746,150)	(566,000)	(2,312,150)	-
Taxes	-	123,504	123,504	-
Net cash used by noncapital financing activities	(1,533,225)	(442,496)	(1,975,721)	-
Cash flow from capital financing activities:				
Acquisition of capital assets	(8,817,629)	8,409	(8,809,220)	(615,984)
Proceeds from sale of capital assets	15,864	-	15,864	-
Impact fees	1,351,845	-	1,351,845	-
Principal paid on capital debt	(2,656,461)	-	(2,656,461)	-
Interest paid on capital debt	(1,473,357)	-	(1,473,357)	-
Net cash provided by (used by) capital financing activities	(11,579,738)	8,409	(11,571,329)	(615,984)
Cash flow from investing activities:				
Interest and dividends on investments	299,831	8,050	307,881	36,934
Net cash provided by investing activities	299,831	8,050	307,881	36,934
Net increase (decrease) in cash and cash equivalents	(4,845,153)	39,252	(4,805,901)	525,918
Cash and cash equivalents, beginning of the year	26,305,262	325,068	26,630,330	2,556,762
Cash and cash equivalent, ending of the year	$ 21,460,109	$ 364,320	$ 21,824,429	$ 3,082,680
Noncash transactions:				
Capital contributions	$ 2,913,841	$ 8,409	$ 2,922,250	$ -

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Year Ended September 30, 2018

	Water and Sewer	Solid Waste	Total	Internal Service Fund
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 6,017,618	$ 457,026	$ 6,474,644	$ 625,701
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	2,239,169	26,031	2,265,200	491,597
Pension and OPEB expense (net)	4,437	-	4,437	-
Effects of changes in assets and liabilities:				
Decrease (increase) in receivables	(235,941)	(22,807)	(258,748)	-
Decrease (increase) in inventories	(65,419)	-	(65,419)	-
Decrease (increase) in prepaids	412	-	412	
Increase (decrease) in payables	(75,739)	5,465	(70,274)	(12,330)
Increase (decrease) in deposits	47,219	-	47,219	-
Increase (decrease) in compensated absences	36,223	(426)	35,797	-
Net cash provided by operating activities	$ 7,967,979	$ 465,289	$ 8,433,268	$ 1,104,968

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Fiduciary Net Position
Agency Fund
September 30, 2018

	PID Agency Fund
ASSETS	
Cash and cash equivalents	$ 3,851,886
Total Assets	$ 3,851,886
LIABILITIES	
Liability to bond holders	$ 3,851,886
Total Liabilities	$ 3,851,886

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Net Position
Discretely Presented Component Units
September 30, 2018

	Economic Development Corporation	Community Development Corporation	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 2,570,010	$ 309,253	$ 2,879,263
Receivables (net of allowance for uncollectibles)	382,265	191,132	573,397
Leases receivable	3,030,748	-	3,030,748
Note receivable from primary government-current	100,000	-	100,000
Note receivable from primary government-noncurrent	600,000	-	600,000
Land	10,309,703	-	10,309,703
Total Assets	16,992,726	500,385	17,493,111
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	1,684,164	45	1,684,209
Due to primary government	82,656	-	82,656
Accrued interest payable	84,063	-	84,063
Non-current liabilities:			
Due within one year	616,697	-	616,697
Due in more than one year	11,852,826	-	11,852,826
Total Liabilities	14,320,406	45	14,320,451
NET POSITION			
Net investment in capital assets	(2,117,298)	-	(2,117,298)
Restricted by enabling legislation	4,620,086	-	4,620,086
Restricted for debt service	169,532	-	169,532
Unrestricted	-	500,340	500,340
Total Net Position	$ 2,672,320	$ 500,340	$ 3,172,660

The accompanying notes to the basic financial statements are an integral part of this statement.

Town of Little Elm, Texas
Statement of Activities
Discretely Presented Component Units
For the Year Ended September 30, 2018

		Program Revenues	
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:			
Economic Development Corporation	$ 2,794,460	$ 217,253	$ -
Community Development Corporation	885,981	-	-
Total component units	$ 3,680,441	$ 217,253	$ -

General revenues:
Sales taxes
Investment income
Miscellaneous
Total general revenues
Change in net position
Net position - beginning of year

Net position - end of year

The accompanying notes to the basic financial statements are an integral part of this statement.

Component Units		
Economic Development Corporation	Community Development Corporation	Total
$ (2,577,207)	$ -	$ (2,577,207)
-	(885,981)	(885,981)
$ (2,577,207)	$ (885,981)	$ (3,463,188)
1,876,683	975,363	$ 2,852,046
27,692	6,210	33,902
192,088	-	192,088
2,096,463	981,573	3,078,036
(480,744)	95,592	(385,152)
3,153,064	404,748	3,557,812
$ 2,672,320	$ 500,340	$ 3,172,660

Page has been left blank intentionally.

Note 1. Summary of Significant Accounting Policies

The Town of Little Elm, Texas (the Town) is a municipal corporation governed by an elected mayor and six-member Town Council and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, water and sewer utilities, and solid waste utilities.

The accounting and reporting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that are used. The more significant accounting policies of the Town are described below.

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the Town's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the Town's statement of net position includes both noncurrent assets and noncurrent liabilities of the Town. In addition, the government-wide statement of activities reflects depreciation expenses on the Town's capital assets, including infrastructure.

In addition to the government-wide financial statements, the Town has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

B. Financial Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the Town is considered to be financially accountable. As required by GAAP, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the Town.

Little Elm Economic Development Corporation

The Little Elm Economic Development Corporation (EDC) is a duly-established municipal corporation created under the provisions of Section 4A of the Development Corporation Act of 1976 as revised, with approval of the governing body of the Town of Little Elm. The EDC, a separate non-profit corporation, was formed in 1993 for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of the public welfare and is operated primarily within the geographic boundaries of the Town. The affairs of the EDC shall be managed by a Board of Directors consisting of five members who shall be appointed by the Town council: one director from the Town council and four directors at-large. The EDC is supported by a half-cent sales tax voted by referendum in 1993. An Executive Director is appointed by the EDC Board to carry out the Board's administrative and policy initiatives. The EDC is considered part of the Town's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The EDC does not issue separate financial statements.

Little Elm Community Development Corporation

The Little Elm Community Development Corporation (CDC) is a separate entity formed in February 2007 to improve and expand park and recreation facilities from revenue generated through the Type 4B sales tax. The CDC operates under the authority of Section 2(11)-(A)-(E) and Section 4B of Article 5190.6 of Revised Civil Statutes, as amended. The CDC is considered part of the Town's reporting entity and presented in the accompanying basic financial statements as a discretely presented component unit. The CDC is a discretely presented component unit under the criteria of board appointment and removal by the Town Council, approval and oversight of capital projects as well as budget authorization and approval. The CDC does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Three (TIRZ #3)

The Town created Tax Increment Reinvestment Zone Number Three (TIRZ#3) to provide additional financing resources to further enhance development within the zone. The Town Council appoints a Board and Board members are removable by the Town Council. TIRZ#3 commenced October 2013 and will terminate on December 31, 2043, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. Although TIRZ#3 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances, TIRZ#3 qualifies for blending because the Board is the same as the Town Council. Previous to fiscal year 2017, TIRZ#3 had been reported as a discretely presented component unit, but is now reported as a blended component unit of the Town as ordinance #1413 was approved in 2017 clarifying the composition of the Board as described above. TIRZ#3 does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Four (TIRZ #4)

The Town created Tax Increment Reinvestment Zone Number Four (TIRZ#4) to provide additional financing resources to further enhance development within the zone. The Town Council appoints a Board and Board members are removable by the Town Council. TIRZ#4 commenced December 2013 and will terminate on December 31, 2048, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ#4 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ#4 qualifies for blending because the Board is the same as the Town Council. TIRZ#4 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Five (TIRZ #5)

The Town created Tax Increment Reinvestment Zone Number Five (TIRZ#5) to provide additional financing resources to further enhance development within the zone. The Town Council appoints a Board and Board members are removable by the Town Council. TIRZ#5 commenced December 2014 and will terminate on December 31, 2049, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ#5 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ#5 qualifies for blending because the Board is the same as the Town Council. TIRZ#5 is reported as a blended component unit of the Town and it does not issue separate financial statements.

Tax Increment Reinvestment Zone Number Six (TIRZ #6)

The Town created Tax Increment Reinvestment Zone Number Six (TIRZ#6) to provide additional financing resources to further enhance development within the zone. The Town Council appoints a Board and Board members are removable by the Town Council. TIRZ#6 commenced November 1, 2016 and will terminate on December 31, 2052, or at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of tax increment bonds, if any, that all project costs, tax increment bonds, notes and obligations of the zone have been paid in full. TIRZ#6 is fiscally dependent on the Town, as the Town approves their budgets and any debt issuances. TIRZ#6 qualifies for blending because the Board is the same as the Town Council. TIRZ#6 is reported as a blended component unit of the Town and it does not issue separate financial statements.

C. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, the debt service fund, the capital projects fund, and the Valencia capital projects fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues or expenditures /expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated in the process of consolidation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The government-wide and proprietary fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The governmental fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Property taxes, sales taxes, franchise fees, certain other fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Accounting
The following major funds are used by the Town:

1. Governmental Funds:

Governmental Funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on net income determination. The following is a description of the major Governmental Funds of the Town:

General Fund is the Town's primary operating fund. This fund is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general obligation long-term debt paid from taxes levied by the Town.

Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements except those being financed by proprietary funds.

PID Capital Projects Fund is used to account for the acquisition or construction of capital facilities and improvements relating to the Valencia, Lakeside and Hillstone Public Improvement Districts (PIDs).

The Town reports the following non-major governmental funds.

Grants Fund accounts for grants distributed to the Town by the Texas State Comptroller of Public Accounts, the Department of Homeland Security, and other organizations such as the Texas Library Archives, and the Law Enforcement Officer Safety Education Program.

Donations Fund accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the library, animal control center, police, and fire departments. Donations are generally donated for the purchase of equipment.

Forfeitures Fund accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.

Street Maintenance Fund accounts for the Town's 1/4 cent sales tax, which was approved by the citizens of Little Elm in May of 2009 and is restricted for the purpose of street maintenance.

Red Light Camera Fund accounts for proceeds and expenses related to red-light cameras.

Stormwater Drainage Fund accounts for fees charged for stormwater drainage services.

PEG Fund accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.

SAFER Grant Fund accounts for proceeds and expenditures relating to the SAFER grant.

Little Elm Parks Fund accounts for fees used to help fund parks and recreational spaces.

Little Elm TIRZ#3 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 3.

Little Elm TIRZ#4 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 4.

Little Elm TIRZ#5 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 5.

Little Elm TIRZ#6 Fund accounts for proceeds and expenditures related to Little Elm Tax Increment Reinvestment Zone Number 6.

Highway 380 MMD fund accounts for the Town's contributions to the Highway 380 Municipal Management District (MMD).

The Town reports the following fiduciary fund:

Public Improvement District (PID) Agency Fund accounts for bond proceeds, assessments, and related debt associated with the issuance of bonds issued by the Town as an agent for the Valencia, Hillstone, and Lakeside Public Improvement Districts.

Governmental funds with legally adopted annual budgets include the General Fund and the Debt Service Fund.

2. Proprietary Funds:

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses including depreciation on capital assets) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The following is a description of the major enterprise funds of the Town:

The Water and Sewer Fund is used to account for the operations of providing water and sewer services to residential and commercial customers.

The Solid Waste Fund is used to account for the collection of trash and recyclables from residential users.

Additionally, the Town reports an Internal Service Fund to account for the financing of goods or services provided by one department to other departments within the Town. The Vehicle Replacements fund is used to account for the acquisition and disposal of vehicles and large dollar equipment for the Town.

E. Cash and Cash Equivalents

Cash of all funds, excluding the Town's payroll clearing account, medical card account, and certain escrow accounts, is pooled into a common interest-earning bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Town.

The Town may invest in certificates of deposit, authorized investment pools and funds, U.S. Government Securities, commercial paper, and repurchase agreements. Investments purchased with pooled cash, as well as separate investments, are recorded at fair value. The fair value is based on the market price. The fair value of the local government investment pools are the same as the fair value of the pool shares.

F. Inventories, Prepaid Items and Deferred Charges

Inventory is valued at cost (first-in, first-out). The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset by non-spendable fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of fund balance. Inventories in the Proprietary Funds consist of meters and various supplies.

Prepaid balances are for payments made by the Town for which benefits extend beyond September 30, 2018, and the non-spendable fund balance has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

G. Accounts Receivable

Accounts receivable consist primarily of amounts due from citizens for various services provided by the Town as well as property taxes, sales taxes receivable, franchise taxes and amounts due from other governments. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of the aging of accounts and other specific information known by management.

H. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities acquired with tax-exempt debt is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20 - 40
Infrastructure	10 - 25
Water and sewer system	40
Improvements other than buildings	7 - 40
Machinery and equipment	3 - 20

J. Interfund Transactions

During the course of normal operations, the Town has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. There is no interest charged between funds for these advances.

K. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

L. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources and pension expense, Town specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the Town's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the Town's Total Pension and Total OPEB Liabilities is obtained from TMRS through reports prepared for the Town by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions and Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

N. Deferred Outflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has the following items that qualify for reporting in this category:

Deferred Loss on Refunding – these deferred outflows result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pension / OPEB – these deferred outflows result from pension/ OPEB contributions after the measurement date (deferred and recognized in the following fiscal year) and/or differences in projected and actual earnings on pension / OPEB assets (deferred and amortized over a closed five year period).

O. Fund Equity

Governmental Funds:
The Town has adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions.

The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the Town classifies governmental fund balances as follows:

Nonspendable: includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted: includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed: includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority, which is the Town Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance adopted by the Town Council. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned: includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used by the Town for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The Town Council has authorized the Town Manager or his or her designee as the official authorized person to assign fund balance to a specific purpose as approved by the fund balance policy.

Unassigned fund balance: is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Order of Expenditure of Funds: When multiple categories of fund balance are available for expenditure, the Town will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Economic stabilization: It is the goal of the Town to achieve and maintain an unassigned fund balance in the General Fund equal to 25% of the budgeted expenditures in the General Fund for unanticipated expenditures, unforeseen revenue fluctuations, or other adverse circumstances. The fund balance level may be reduced to the equivalent of 15% of budgeted expenditures in unusual financial circumstances. If such a situation should occur, the Town will implement necessary corrective action with a three-year plan to restore the unassigned fund balance to the equivalent of 25% of budgeted expenditures.

Proprietary Funds:
Net position represents the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent debt proceeds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

P. Subsequent Events

The Town has evaluated all events or transactions that occurred after September 30, 2018 up through February 13, 2019, the date the financial statements were issued. Significant subsequent events are described in Note 16.

Note 2. Cash and Investments

The Town has adopted an investment policy pursuant to Chapter 2256 of the Texas Government Code, which authorizes the Town's investments in United States government obligations and its agencies, obligations of Texas and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers' acceptances, government pools, and money market funds. The Town selects its investments based on safety, liquidity, yield, and public trust.

The EDC can invest in obligations of the United States Treasury, the State of Texas, certain United States Agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds, and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

At year end, the carrying amount of the Town's deposits was $75,566,949 and the bank balance was $75,830,232. The bank balance was completely covered by federal deposit insurance and collateral held by the pledging financial institution in the Town's name.

Cash and investments as of September 30, 2018 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary Government:	
Cash and cash equivalents	$ 77,878,138
Fiduciary Fund:	
Cash and cash equivalents	3,851,886
Component Unit:	
Cash and cash equivalents	2,879,263
Total cash and investments	$ 84,609,287
Cash on hand:	$ 3,050
Deposits with financial institution	75,566,449
Investments	9,039,788
Total cash and investments	$ 84,609,287

The table below identifies the investment types that are authorized for the Town by the Public Funds Investment Act. (Government Code Chapter 2256) The table also identifies certain provisions of the Town's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury obligations	2 years	None	None
U.S. Agency obligations	2 years	None	None
Certificates of deposit	2 years	None	None
Direct repurchase agreements	2 years	None	None
No-load money market mutual funds	2 years	None	None
Direct obligations of State of Texas	2 years	None	None
Investment pools	2 years	None	None

Disclosures relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

In accordance with its investment policy, the Town manages its exposure to declines in fair value by limiting the weighted average maturity of its non-bond proceed investments to no more than nine months.

As of September 30, 2018, the Town had the following investments:

Investment Type	Amount	Weighted Average Maturity
Mutual Funds	$ 9,039,788	26

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the Town's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
Mutual Funds	$ 9,039,788	N/A	AAA-m

Concentration of credit risk

The Town's investment policy is to avoid a concentration of assets in a specific maturity, a specific issue, or a specific class of investments.

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

The Town requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the Town's depository in the Town's name and held by the depository's agent.

As of September 30, 2018 the Town deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The Town has recurring fair value measurements as presented in the table below. The Town's investment balances and weighted average maturity of such investments are as follows:

		Fair Value Measurements Using				
	Value at September 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Days)
Investments by Fair Value Level:						
Marketable Equity Securities:						
Mutual Funds	$ 9,039,788	$ 9,039,788	$ -	$ -	100.00%	26
Total Value	$ 9,039,788	$ 9,039,788	$ -	$ -		

Mutual funds reported as level 1 are valued at the net asset value (NAV) of shares held by the Town at year end. The NAV is a quoted price in an active market.

Note 3. Property Taxes

Taxes are levied on October 1 and are payable until January 31 without penalty. Property taxes attach as an enforceable lien on property as of January 1. The total assessed value upon which the fiscal 2018 levy was based was approximately $3,326,000,000. Such assessed value was computed based on 100% appraised values.

Article XI, Section 5 of the Texas Constitution allows a tax rate up to $2.50 per $100 valuation. Further, Section 8.03B of the Town's Home-Rule Charter provides that the "Town Council shall have the power, and is hereby authorized to levy, assess, and collect annual taxes not to exceed the maximum limit set by the Constitution and laws of the State of Texas, as they now exist or as they may be amended, on each one hundred dollars ($100.00) assessed valuation". The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2018 was $0.657671 per $100 of assessed valuation. Current tax collections for the year ended September 30, 2018 were approximately 99% of the tax levy.

Note 4. Receivables

Receivables as of year-end for the government's individual major funds, non-major funds in the aggregate and discretely presented component units, including the applicable allowances for uncollectible accounts as of September 30, 2018 are as follows:

	Governmental Funds				
	General	Debt Service	Capital Projects	Nonmajor Funds	Total
Ad valorem taxes	$ 84,452	$ 28,930	$ -	$ -	$ 113,382
Sales taxes	764,530	-	-	240,175	1,004,705
Court	1,150,772	-	-	801,882	1,952,654
Ambulance	598,221	-	-	-	598,221
Storm drainage	-	-	-	140,668	140,668
Franchise fees	833,079	-	-	-	833,079
Intergovernmental	-	-	1,083,495	247,253	1,330,748
Other	66,210	-	120,000	46,149	232,359
Gross receivables	3,497,264	28,930	1,203,495	1,476,127	6,205,816
Less: allowances	(1,382,080)	(5,674)	-	(733,320)	(2,121,074)
Net total receivables	$ 2,115,184	$ 23,256	$ 1,203,495	$ 742,807	$ 4,084,742

	Proprietary Funds		
	Water and Sewer	Solid Waste	Total
Customer accounts	$ 2,502,397	$ 266,469	$ 2,768,866
Other	719,808	-	719,808
Gross receivables	3,222,205	266,469	3,488,674
Less: allowances	(251,863)	(23,190)	(275,053)
Net total receivables	$ 2,970,342	$ 243,279	$ 3,213,621

	Component Units		
	EDC	CDC	Total
Sales taxes	$ 382,265	$ 191,132	$ 573,397
Total receivables	$ 382,265	$ 191,132	$ 573,397

Direct-Financing Lease

EDC leases certain Corporation-owned property to a company for use in its business. The lease is classified as a direct-financing lease and expires in 2043. The following are the components of the EDC's net investment in direct financing leases and reported as leases receivable as of September 30, 2018:

Total minimum lease payments to be received	$ 4,984,813
less: unearned interest income	(1,954,065)
Net investment in direct financing lease	$ 3,030,748

As of September 30, 2018, minimum lease payments are as follows:

Fiscal Year	
2019	$ 205,559
2020	205,559
2021	205,559
2022	205,559
2023	205,559
2024-2028	1,027,797
2029-2033	1,027,797
2034-2038	1,027,797
2039-2043	873,627
	$ 4,984,813

Note 5. Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 9,210,631	$ -	$ (44,120)	$ -	$ 9,166,511
Construction in progress	19,899,456	13,589,136	-	(24,096,499)	9,392,093
Total capital assets, not being depreciated	29,110,087	13,589,136	(44,120)	(24,096,499)	18,558,604
Capital assets being depreciated:					
Infrastructure	113,642,530	13,836,191	-	3,780,014	131,258,735
Buildings	28,163,565	2,192	-	11,803,157	39,968,914
Improvements other than buildings	16,393,815	-	-	6,471,743	22,865,558
Machinery and Equipment	15,219,051	694,126	(501,950)	-	15,411,227
Total capital assets being depreciated	173,418,961	14,532,509	(501,950)	22,054,914	209,504,434
Less accumulated depreciation for:					
Infrastructure	41,860,694	2,469,553	-	-	44,330,247
Buildings	4,773,717	912,743	-	-	5,686,460
Improvements other than buildings	2,757,081	1,200,754	-	-	3,957,835
Machinery and Equipment	7,622,826	1,366,077	(432,200)	-	8,556,703
Total accumulated depreciation	57,014,318	5,949,127	(432,200)	-	62,531,245
Total capital assets being depreciated, net	116,404,643	8,583,382	(69,750)	22,054,914	146,973,189
Governmental activities capital assets, net	$ 145,514,730	$ 22,172,518	$ (113,870)	$ (2,041,585)	$ 165,531,793

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 1,639,066	$ -	$ -	$ -	$ 1,639,066
Construction in progress	5,234,854	8,914,312	-	229,179	14,378,345
Total capital assets, not being depreciated	6,873,920	8,914,312	-	229,179	16,017,411
Capital assets being depreciated:					
Buildings	173,679	-	-	-	173,679
Water system improvements	44,157,302	402,371	-	1,161,494	45,721,167
Sewer system improvements	33,167,255	286,476	-	650,912	34,104,643
Machinery and equipment	2,916,309	86,728	(55,358)	-	2,947,679
Total capital assets being depreciated	80,414,545	775,575	(55,358)	1,812,406	82,947,168
Less accumulated depreciation for:					
Buildings	146,779	4,561	-	-	151,340
Water system improvements	8,744,306	1,265,625	-	-	10,009,931
Sewer system improvements	8,717,688	831,500	-	-	9,549,188
Machinery and equipment	1,650,440	244,978	(55,358)	-	1,840,060
Total accumulated depreciation	19,259,213	2,346,664	(55,358)	-	21,550,519
Total capital assets being depreciated, net	61,155,332	(1,571,089)	-	1,812,406	61,396,649
Business-type activities capital assets, net	$ 68,029,252	$ 7,343,223	$ -	$ 2,041,585	$ 77,414,060

The transfer of $2,041,585 of capital assets from governmental activities to business-type activities has been reported as a capital contribution in the water and sewer enterprise fund; the amount is reclassified to transfers in on the government-wide statement of activities.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 203,592
Public safety	1,113,984
Public works	2,520,155
Culture and recreation	1,619,799
Internal service fund	491,597
	$ 5,949,127
Business-type activities:	
Solid Waste	$ 26,031
Water and Sewer	2,320,633
	$ 2,346,664

Note 6. Transfers

Transfers are used to provide funds for debt service, contributions for capital construction, cost allocations and other operational costs as determined by the Town's annual budget. Transfers between funds during the year were as follows:

Transfer In	Transfer Out	Amount	Purpose
General Fund	Capital Projects Fund	$ 700,000	Street Maintenance in Sunrise Bay subdivision.
Capital Projects Fund	General Fund	100,000	Cost of the Honor Park CIP project
Capital Projects Fund	Non-major Fund	150,000	Sunset Place Park Fees for 423 trail
Capital Projects Fund	Non-major Fund	28,000	Sunset Place Park Fees for Harts Branch trail
Capital Projects Fund	Non-major Fund	100,000	Funding assistance for Harts Branch
Capital Projects Fund	Non-major Fund	85,000	Funding assistance for McCord Park
Capital Projects Fund	Solid Waste Fund	391,000	Funding assistance for maintenance and clean up of Town land
Capital Projects Fund	PID Capital Projects	1,000,000	Bonding issuance fees from Valencia PID
General Fund	Capital Projects Fund	160,000	Transfer for French Settlement
Water and Sewer Fund	Debt-Service Fund	212,925	Transfer for a portion of debt in 312
General Fund	Non-major Fund	5,448	Transfer for annual court bailiff transfer from court security Fun
General Fund	Solid Waste Fund	175,000	Transfer for admin costs and in kind services
General Fund	Water and Sewer Fund	1,746,150	Transfer for admin costs and in kind services
		$ 4,853,523	

Note 7. Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total
Property taxes	$ 67,815	$ 19,432	$ -	$ -	$ 87,247
Grants	-	-	899,113	135,945	1,035,058
Court fines	150,557	-	-	55,535	206,092
Other	208,210	-	100,000	-	308,210
Total	$ 426,582	$ 19,432	$ 999,113	$ 191,480	$ 1,636,607

Note 8. Long-Term Debt

The Town of Little Elm issues general obligation bonds, certificates of obligation and revenue bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The Town also issues revenue bonds where the Town pledges income derived from the acquired or constructed assets, or sales tax to pay the debt service.

Changes in Long-term Liabilities

The following is a summary of changes in long-term debt for the year ended September 30, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds	$ 25,836,155	$ -	$ (2,223,540)	$ 23,612,615	$ 2,191,004
Unamortized bond premium	1,336,631	766,813	(118,664)	1,984,780	-
Certificates of obligation	18,780,000	15,460,000	(1,020,000)	33,220,000	2,450,000
Tax Notes	1,205,000	-	(350,000)	855,000	360,000
Capital leases	17,932	-	(17,932)	-	-
Compensated absences	1,890,333	2,124,363	(1,834,110)	2,180,586	902,170
Net pension liability	5,162,328	-	(1,456,206)	3,706,122	-
OPEB	-	289,083	-	289,083	-
	54,228,379	18,640,259	(7,020,452)	65,848,186	5,903,174
Business-type activities:					
General obligation bonds	20,533,843	-	(846,461)	19,687,382	1,458,996
Certificates of obligation	24,155,000	-	(1,710,000)	22,445,000	1,175,000
Unamortized bond premium	1,933,728	-	(151,074)	1,782,654	-
Compensated absences	277,435	262,049	(226,252)	313,232	114,871
Note payable to EDC	800,000	-	(100,000)	700,000	100,000
Net pension liability	649,638	-	(151,795)	497,843	-
OPEB	-	30,135	-	30,135	-
	48,349,644	292,184	(3,185,582)	45,456,246	2,848,867
Total Primary Government	$ 102,578,023	$ 18,932,443	$ (10,206,034)	$ 111,304,432	$ 8,752,041
Component Units:					
Notes payable - EDC	$ 13,199,912	$ -	$ (772,911)	$ 12,427,001	$ 607,573
Compensated absences	34,233	27,472	(19,183)	42,522	9,124
	$ 13,234,145	$ 27,472	$ (792,094)	$ 12,469,523	$ 616,697

Long-term debt of the Town is comprised of the following individual issues as of September 30, 2018:

Certificates of Obligation	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$2,500,000 Series 2009A Combination Tax and Revenue Certificates of Obligation due in annual installments of $75,000 to $190,000 through August 2029, plus interest at 3.00% to 5.00%	$ 1,670,000	$ 120,000		
$6,000,000 Series 2013 Combination Tax and Revenue Certificates of Obligation due in annual installments of $150,000 to $335,000 through August 2028, plus interest at 1.50% to 3.00%	4,815,000	270,000		
$3,000,000 Series 2013A Combination Tax and Revenue Certificates of Obligation due in annual installments of $130,000 to $210,000 through August 2033, plus interest at 1.50% to 3.50%	2,475,000	135,000		
$9,966,000 Series 2015 Combination Tax and Revenue Certificates of Obligation due in annual installments of $275,000 to $630,000 through August 2036, plus interest at 2.00% to 3.50%	8,800,000	275,000		
$9,966,000 Series 2018 Combination Tax and Revenue Certificates of Obligation due in annual installments of $440,000 to $2,000,000 through August 2038, plus interest at 3.00% to 5.00%	15,460,000	1,650,000		
$6,000,000 Series 2012 Combination Tax and Revenue Certificates of Obligation due in annual installments of $280,000 to $495,000 through August 2027, plus interest at 2.00% to 2.38%			$ 3,945,000	$ 385,000
$7,640,000 Series 2016 Combination Tax and Revenue Certificates of Obligation due in annual installments of $205,000 to $510,000 through August 2036, plus interest at 2.00% to 5.00%			7,165,000	285,000
$11,830,000 Series 2017 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of $450,000 to $770,000 through August 2037, plus interest at 3.00% to 5.00%			11,335,000	505,000
	$ 33,220,000	$ 2,450,000	$ 22,445,000	$ 1,175,000

On August 1, 2018, the Town issued $15,460,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2018. Proceeds from the sale of the certificates will be used for (i) constructing, improving and equipping the Town's aquatics center, (ii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor, (iii) acquiring, constructing, improving and equipping municipal park and recreational facilities, including the acquisition of land therefor.

General Obligation Bonds	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$10,000,000 Series 2009 Combination Tax and Revenue General Obligation due in annual installments of $210,000 to $475,000 through August 2027, plus interest at 4.00% to 4.50%	$ 6,670,000	$ 470,000		
$9,135,000 Series 2010 Refunding and Improvement General Obligation due in annual installments of $195,000 to $655,000 through August 2030, plus interest at 2.00% to 5.00%	6,397,615	466,004		
$2,735,000 Series 2012A General Obligation due in annual installments of $130,000 to $210,000 through September 2027, plus interest at 2.09%	1,760,000	180,000		
$2,520,000 Series 2010 Combination Tax and Revenue Refunding General Obligation due in annual installments of $185,000 to $280,000 through August 2030, plus interest at 2.00% to 5.00%			$ 547,382	$ 233,996
$6,985,000 Series 2012 Combination Tax and Revenue Refunding General Obligation due in annual installments of $300,000 to $700,000 through August 2024, plus interest at 2.00% to 3.00%	1,715,000	400,000	1,675,000	260,000
$6,725,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $375,000 to $735,000 through August 2027, plus interest at 2.00% to 5.00%	5,510,000	550,000	-	-
$4,550,000 Series 2014 General Obligation Refunding Bonds due in annual installments of $235,000 to $375,000 through August 2029, plus interest at 2.00% to 4.00%	1,560,000	125,000	1,965,000	155,000
$13,645,000 Series 2017 General Obligation Refunding Bonds due in annual installments of $10,000 to $1,090,000 through September 2025, plus interest at			13,550,000	600,000
$3,040,000 Series 2013 General Obligation Refunding Bonds due in annual installments of $205,000 to $525,000 through September 2025, plus interest at 2.00% to 2.50%			1,950,000	210,000
	$ 23,612,615	$ 2,191,004	$ 19,687,382	$ 1,458,996

Tax Notes	Outstanding Governmental	Due in one year	Outstanding Business-Type	Due in one year
$1,990,000 Series 2014 Tax Notes due in annual installments of $230,000 to $250,000 through September 2021, plus interest at 1.77%	$ 855,000	$ 360,000	$ -	$ -
	$ 855,000	$ 360,000	$ -	$ -

The annual aggregate maturities for each bond type are as follows:

General Obligation Bonds

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	$ 2,191,004	$ 867,562	$ 3,058,566	$ 1,458,996	$ 691,734	$ 2,150,730
2020	2,235,396	802,490	3,037,886	1,489,605	639,994	2,129,599
2021	2,331,215	718,284	3,049,499	1,478,781	584,658	2,063,439
2022	2,275,000	630,294	2,905,294	1,395,000	527,856	1,922,856
2023	2,220,000	541,023	2,761,023	1,440,000	473,356	1,913,356
2024-2028	10,150,000	1,567,427	11,717,427	6,220,000	1,616,163	7,836,163
2029-2033	2,210,000	136,819	2,346,819	5,115,000	638,125	5,753,125
2034-2038	-	-	-	1,090,000	34,063	1,124,063
Total	$ 23,612,615	$ 5,263,899	$ 28,876,514	$ 19,687,382	$ 5,205,949	$ 24,893,331

Certificates of Obligation

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	$ 2,450,000	$ 1,139,374	$ 3,589,374	$ 1,175,000	$ 701,858	$ 1,876,858
2020	2,960,000	1,027,749	3,987,749	1,230,000	664,758	1,894,758
2021	1,410,000	943,449	2,353,449	1,175,000	625,858	1,800,858
2022	1,450,000	897,249	2,347,249	1,230,000	579,408	1,809,408
2023	1,505,000	849,624	2,354,624	1,270,000	540,158	1,810,158
2024-2028	8,330,000	3,409,390	11,739,390	6,545,000	2,076,165	8,621,165
2029-2033	9,180,000	1,798,565	10,978,565	5,395,000	1,215,628	6,610,628
2034-2038	5,935,000	450,320	6,385,320	4,425,000	336,826	4,761,826
Total	$ 33,220,000	$ 10,515,720	$ 43,735,720	$ 22,445,000	$ 6,740,659	$ 29,185,659

Tax Notes

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2019	$ 360,000	$ 15,134	$ 375,134
2020	245,000	8,762	253,762
2021	250,000	4,425	254,425
Total	$ 855,000	$ 28,321	$ 883,321

Compensated Absences

Substantially all vacation and sick leave are paid by the General Fund.

Discretely presented component units – Economic Development Corporation

Notes payable of the Little Elm Economic Development Corporation as of September 30, 2018 are as follows:

Payee	Description	Balance 09/30/18
Southside Bank	$7,780,815, payable to bank, made October 2011, payable in semi-annual installments of $272,111 through September 15, 2031, including interest at 3.5%.	$ 5,643,386
Southside Bank	$2,000,000, payable to bank, made May 2013, payable in semi-annual installments of $72,366 through September 15, 2031, including interest at 3.3%	1,530,796
Southside Bank	$2,543,750, payable to bank, made January 2015, payable in semi-annual installments of $87,965 through November 15, 2034, including interest at 3.4%	2,204,819
Government Capital Corporation	$3,048,000 payable to bank, made July 13, 2017 payable in quarterly installments of $34,138 through October 13, 2018, and then $51,389 through to final payment January 13, 2043, including interest at 4.48%	3,048,000
		$ 12,427,001

During 2017, EDC entered into a $3,048,000 note payable with the Government Capital Corporation. Proceeds from the note are being used to fund construction of the facility described in the direct-financing lease portion of Note 4.

Annual debt service requirements for the Economic Development Corporation loans are as follows:

Year	Principal	Interest	Total
2019	$ 607,573	$ 478,901	$ 1,086,474
2020	630,737	455,467	1,086,204
2021	655,081	431,123	1,086,204
2022	680,371	405,833	1,086,204
2023	706,644	379,560	1,086,204
2024-2028	3,964,469	1,466,551	5,431,020
2029-2033	3,342,475	679,117	4,021,592
2034-2038	1,004,898	286,795	1,291,693
2039-2043	834,753	91,485	926,238
Total	$ 12,427,001	$ 4,674,832	$ 17,101,833

On December 15, 2015, the Town Council approved an Interlocal Chapter 380 Economic Development Program and Performance Agreement between the Town of Little Elm and the Little Elm EDC for payments related to the Utility Acquisition Agreement with Mustang Special Utility District (SUD). Mustang SUD agreed to purchase the system and assume the contracts for a cash consideration of $1,000,000 which is to be paid to the Town in ten equal yearly payments of $100,000 with the first installment payment to the Town to occur on July 1, 2016. The Town also covenants and agrees to pay to the Little Elm EDC the ten equal yearly payments. Accordingly a note payable / receivable has been recorded between the Town and Little Elm EDC. The remaining balance as of September 30, 2018 was $700,000.

Note 9. Pension Plan

Plan Description

The Town participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CFAR) that can be obtained at www.tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the Town granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the Town can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and Town matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to but not yet receiving benefits	124
Active employees	232
	395

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 13.61% and 13.54% in calendar years 2017 and 2018, respectively. The Town's contributions to TMRS for the year ended September 30, 2018 were $2,201,774, and were equal to the required contributions.

The Town's Net Pension Liability (NPL) was measured as of December 31, 2017 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Table, which male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Allocations

The Town's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities and business-type activities using a contribution-based method.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2016	$ 28,824,927	$ 23,012,963	$ 5,811,964
Changes for the year:			
Service Cost	2,626,348	-	2,626,348
Interest	2,023,022	-	2,023,022
Change of benefit terms	-	-	-
Difference between expected and actual experience	(90,555)	-	(90,555)
Changes of assumptions	-	-	-
Contributions - employer	-	1,968,224	(1,968,224)
Contributions - employee	-	1,021,378	(1,021,378)
Net investment income	-	3,194,579	(3,194,579)
Benefit payments, including refunds of employee contributions	(334,803)	(334,803)	-
Administrative expense	-	(16,529)	16,529
Other changes	-	(838)	838
Net Changes	4,224,012	5,832,011	(1,607,999)
Balance at 12/31/2017	$ 33,048,939	$ 28,844,974	$ 4,203,965

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	$ 10,231,018	$ 4,203,965	$ (620,592)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

The general fund has typically been used to liquidate pension and OPEB liabilities related to governmental activities.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2018, the Town recognized pension expense of $2,197,559. At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 493,522	$ 75,462
Changes in actuarial assumptions	47,522	-
Difference between projected and actual investment earnings	-	798,285
Contributions subsequent to the measurement date	1,707,061	-
Total	$ 2,248,105	$ 873,747

The $1,707,061 reported as deferred outflows of resources related to pensions result from contributions subsequent to the measurement date and will reduce the net pension liability during the fiscal year ended September 30, 2019. The other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended Sept. 30:	Net deferred outflows (inflows) of resources
2019	$ 105,577
2020	67,335
2021	(213,811)
2022	(279,175)
2023	(12,629)
Thereafter	-
	$ (332,703)

Note 10. Other Postemployment Benefits Plan (OPEB)

A. Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.The Town has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for Town reporting.

B. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of $7,500.

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	30
Active employees	232
	293

C. Contributions

The member town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member town. The contractually required contribution rate is determined annually for each town. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the town. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the Town was 0.01% in both calendar years 2017 and 2018. The Town's contributions to the SDBF for the year ended September 30, 2018 were $2,885, and were equal to the required contributions.

D. Total OPEB Liability

The Town's Total OPEB Liability (TOL) was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

E. Actuarial Assumptions

The Total OPEB Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.31%
Retiree's share of benefit-related costs	$0

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2017, valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal Actuarial Cost Method.

The discount rate used to measure the Total OPEB Liability was 3.31% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

F. Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2016	$ 255,737
Changes for the year:	
Service Cost	24,777
Interest on Total OPEB Liability	10,108
Change of benefit terms	-
Difference between expected and actual experienc	-
Changes of assumptions or other inputs	30,053
Benefit payments	(1,457)
Administrative expense	-
Other changes	-
Net changes	63,481
Balance at 12/31/17	$ 319,218

G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, calculated using the discount rate of 3.31%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.31%) or 1 percentage-point higher (4.31%) than the current rate:

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB Liability	$ 394,341	$ 319,218	$ 259,613

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the Town recognized pension expense of $46,510. At September 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions and other inputs	$ 26,225	$ -
Contributions subsequent to the measurement date	2,522	-
Total	$ 28,747	$ -

The $2,522 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2019. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended Sept. 30:	Net deferrred outflows (inflows) of resources
2019	$ 3,828
2020	3,828
2021	3,828
2022	3,828
2023	3,828
Thereafter	7,085
Total	$ 26,225

Note 11. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of 1,115 individual governmental units located within Texas. The Town pays an annual premium to the funds for its workers' compensation and property and liability insurance coverage. The WC Fund and Property-Liability Fund are considered self-sustaining risk pools that provide coverage for its members for up to $1,000,000 per occurrence with a $2,000,000 annual aggregate. There is a deductible of $5,000 due from the Town per claim for personnel liability claims and a $2,500 deductible for general liability.

There were no reductions in insurance coverage and the Town had not been declined coverage for any exposures or limits of liability and/or scheduled covered amounts from the previous year. Settled claims for risks have not exceeded insurance coverage for the past three years.

Note 12. Net Position / Fund Balance

In the government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either though the enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

A. Restricted Net Position

Net position is reported in the government-wide statement of net position consisted of the following as of September 30, 2018:

	Governmental Activities	Business-type Activities	Total Primary Government	Discretely Presented Component Units
Restricted for construction	$ 7,397,801	$ -	$ 7,397,801	$ -
Restricted by enabling legislation	2,945,111	2,766,515	5,711,626	4,620,086
Restricted for streetscape	661,368	-	661,368	-
Restricted for debt service	840,242	-	840,242	169,532
Restricted for other:				
Grant requirements	289,281	-	289,281	-
Donor stipulations	163,629	-	163,629	-
Parks	22,196	-	22,196	-
Forfeitures	55,127	-	55,127	-
Total restricted for other	530,233	-	530,233	-
	$ 12,374,755	$ 2,766,515	$ 15,141,270	$ 4,789,618

B. Fund Balance

The composition of the governmental fund balances at September 30, 2018 is as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	PID Capital Projects Project	Non major Governmental Funds	Total Governmental Funds
Non-spendable:						
Inventory	$ 55,632	$ -	$ -	$ -	$ -	$ 55,632
Prepaids	8,922	-	-	-	-	8,922
Total nonspendable	64,554	-	-	-	-	64,554
Restricted for:						
Debt service	-	1,153,205	-	-	-	1,153,205
Street maintenance	-	-	-	-	1,175,641	1,175,641
Police	-	-	-	-	31,416	31,416
Fire	-	-	-	-	18,817	18,817
Parks and Rec	-	-	-	-	150,487	150,487
Stormwater drainage	-	-	-	-	692,199	692,199
Court	-	-	-	-	129,724	129,724
Red Light camera	-	-	-	-	173,062	173,062
Library	-	-	-	-	14,641	14,641
Animal Control	-	-	-	-	4,807	4,807
Forfeiture	-	-	-	-	55,127	55,127
Public, Education, Govt. Access	-	-	-	-	203,648	203,648
Streetscape	-	-	661,368	-	-	661,368
Economic Development	-	-	-	-	645,026	645,026
Child Safety	-	-	-	-	125,214	125,214
Capital projects	-	-	18,263,433	5,179,526	-	23,442,959
Total restricted	-	1,153,205	18,924,801	5,179,526	3,419,809	28,677,341
Committed to:						
Street development	-	-	751,574	-	-	751,574
Total committed	-	-	751,574	-	-	751,574
Unassigned	21,148,258	-	-	-	(142,458)	21,005,800
	$ 21,212,812	$ 1,153,205	$ 19,676,375	$ 5,179,526	$ 3,277,351	$ 50,499,269

Note 13. Commitments and Contingencies

In March 2003, the Town entered into a thirty-year contract with the North Texas Municipal Water District (NTMWD) for the purchase of treated water. Under the terms of this contract, the Town is obligated to make a minimum annual payment (adjusted annually) in return for a minimum volume of gallons of water per year. During the year ended September 30, 2018, the cost of water purchased under this contract was $4,243,350.

The Town also entered into a water transmission facilities contract in March 2003 with the NTMWD. Under the terms of this contract, the NTMWD is to own, operate and maintain water transmission facilities located near the eastern border of the Town. NTMWD issued its Water Transmission Facilities Contract Revenue Bonds, Series 2003 (Town of Little Elm Project), in the amount of $5,390,000 for the purpose of acquiring and constructing the transmission facility. The obligation of the Town was to make payments to NTMWD under contract terms until all of the bonds are paid and retired and is no longer outstanding. During the year ended September 30, 2013, the NTMWD issued its Water Transmission Facilities Contract Revenue Refunding Bonds, Series 2013 (Town of Little Elm) in the amount of $3,555,000 for the purpose of defeasing the Series 2003 obligations. During the year ended September 30, 2018, the payments made under this contract were $361,729.

At September 30, 2018 and subsequent to year end, the Town is committed to numerous contracts for capital improvements totaling approximately $8,870,000.

Note 14. Little Elm Tax Increment Reinvestment Zones and Public Improvement District

The Town Council created and participates in a total of four Tax Increment Reinvestment Zones ("TIRZ")(#3, #4, #5, and #6). The two original TIRZ created in 2008 referred to as TIRZ #1 and TIRZ #2 were terminated in November 2013. Subsequent to the creation of the two TIRZ zones, the Council on February 3, 2009 authorized and established the creation of the Little Elm Redevelopment Authority ("LERA"). The LERA was dissolved in February 2014. Upon the termination of TIRZ #1 in 2013, the Town created TIRZ #3 for the "Lakefront District" which consists of approximately 847 acres and has a base taxable assessed value of $46,554,879.

The Town Council created TIRZ #4 in December 2013 for the Valencia on the Lake multi-phase residential development of approximately 447.942 acres. The Town also created the Valencia Public Improvement District ("PID") in September 2013 to finance certain public infrastructure improvements. The PID and the TIRZ boundaries are contiguous as the goal of the TIRZ is to assist with the development. The Town issued two series of special assessment revenue bonds (the "PID Bonds") in the amounts of $12,240,000 and $4,000,000 in February 2014 that are secured solely from assessment revenues generated within the Valencia PID. The bonds funded major improvement projects to include certain roadway, water, wastewater and drainage improvements. On November 6, 2018 the Town issued three series of bonds for the Valencia on the Lake PID. The first series of revenue bonds refunded the 2014 Phase #1 Bonds, refinanced the Phase #1 reimbursement agreement portion of the 2014 bonds and restructured the debt service requirements by passage of Ordinance No.1445. The second series of revenue bonds were identified as the Improvement Area #2 Refunding and Improvement Bonds and were issued to refund a portion of the 2014 bonds used to finance improvements related to Improvement Area #2, refinance the pro rata portion of the Phase #2 local improvements and financed additional improvements relating in Improvement Area #2 thru Ordinance No. 1446. The Major Improvement Area Refunding Bonds were the third series of bonds issued in FY2018 thru Ordinance No. 1447. They were to refund the pro-rata portion of the 2014 Major Improvement Bonds related to Phases #2B, #3B, and #4.

The Town Council created TIRZ #5 in December 2014 with a base value of Real Property of $6,728,553. The TIRZ #5 zone has removed sections and added additional property to create the existing 943.5 acre zone. The Hillstone Pointe PID No. 2 was created in June 2015. It is located at the northern section of TIRZ #5 and its boundaries are not contiguous. TIRZ #5 and Hillstone Pointe PID No. 2 are located near the 380 Corridor within the newly annexed area on the northern boundary of the Town of Little Elm. The Town issued $6,000,000 in special assessment revenue bonds (the "PID Bonds") for Phases #1-1a thru approval of Ordinance No. 1422 on October 17, 2017. The Bonds are secured solely from assessment revenues generated within the Hillstone Pointe PID No. 2. The Bonds funded Phase 1 and Phase 1A improvements which included certain roadway, water system, storm drainage, sanitary sewer, screening and landscaping and other soft and miscellaneous improvements. The Town intends to issue the next set of Bonds for the Hillstone Pointe PID No. 2 Phases 2 and 3 thru Ordinance No. 1471.

The Town's third PID was created by the Town on October 2016 identified as the Rudman Tract Public Improvement District to finance the costs of certain public improvements for the benefit of property in the PID. TIRZ #6 was created in November 2016 to be contiguous with the Rudman Tract to help the area develop. The area encompasses 146.8 acres. The Town approved reimbursement obligations to finance the public improvements provided for the benefit of the property in the PID. Phase #1 Reimbursement Agreement of $7,300,000 and Phase #2 Major Improvements Reimbursement Agreement of $2,075,000 are secured by special assessments. The Town consented to the assignment of the reimbursement amounts between the OPLE Prairie Oaks Development, Inc. and the Public Finance Authority ("PFA") in May 2017. Bonds were issued by the Wisconsin PFA for the development in May 2017.

The Town on December 20, 2016 created the fourth PID for the Town of Little Elm. This PID is located at the Town's northern border next to Highway 380 and will be identified as Lakeside Estates PID No. 2. A TIRZ was not approved to assist with the development of this project. The Town authorized the issuance and sale of special assessment revenue bonds, Series 2017 in December 2017 for $4,700,000. The bonds funded improvements which included certain roadway, water distribution system, storm drainage, sanitary sewer, screening and other PID Bond issuance costs.

The TIRZ and PID's in respect to their duration and the projects to be undertaken and other terms and conditions are set forth in the respective ordinances creating such zones and the public improvement districts. Although current plans provide that project costs for the zones will be paid or reimbursed from tax increments as collected, the Town may determine at a future date to issue bonds or other obligations secured by or payable in whole or in part from Tax Increment Revenues. The owners of the PID Bonds do not have the right to demand payment from any funds of the Town other than the pledged revenues, consisting primarily of assessments levied and collected against the property within the specific PID, and the Town has no obligation to pay the PID Bonds from any other source.

Note 15. Tax Abatements and Economic Incentives

The Town enters into economic development agreements designed to promote development, stimulate commercial activity, enhance the property tax base, and increase the economic vitality. These programs rebate property taxes and sales tax. The Town's economic development agreements are authorized under the Texas Local Government Code Chapter 311 (Tax Increment Financing Act) and Chapter 380 (Economic Development Programs). Recipients may be eligible to receive economic assistance based upon employment impact, economic or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, expanding operations, renewing facility leases or bringing targeted development to the Town. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The Town has two categories of economic development agreements:

A. General Economic Development

The Town enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or a percentage of property taxes or sales tax received by the Town. For fiscal year 2018, the Town rebated $329,4670 in sales taxes and $290,432 of property taxes.

B. Tax Increment Financing

Tax Increment Financing (TIF) is a tool to help finance public improvements and development projects within a defined area. A municipality makes an area eligible for TIF by designating it a Tax Increment Reinvestment Zone (TIRZ). Within the designated zone all of the incremental tax revenue growth flows to an established tax increment fund to help pay for public improvements within the zone. The Town has adopted four Tax Increment Reinvestment Zones (TIRZ) in accordance with the provisions of the Tax Increment Financing Act, V.T.C.A., Tax Code, Chapter 311. The four active Tax increment reinvestment zones include TIRZ #3, #4, #5 and #6. The purpose of TIRZ #3 is to help pay for project costs associated with the development of the Town's Lakefront District. The Zone's projected costs are primarily related to park and park improvements, streets, a conference center, utilities, a recreation center, landscaping, trails, a plaza and lighting. TIRZ #4, #5 and #6 were created to facilitate the development of the currently vacant land with retail and single family developments while creating a unique cohesive development that builds on the high development standards already established within the Town. Specific project costs may include but is not limited to roads, water, sewer and storm water management. In fiscal year 2018, the Town made $547,937 in payments to the TIRZ funds. Denton County agreed to participate in TIRZ 3 for a period of five years and contributed $39,812 in fiscal year 2018.

Note 16. Subsequent Events

On December 1, 2018, the Town issued $4,688,000 Special Assessment Revenue Bonds, Series 2018 (Hillstone Pointe Public Improvement District No. 2 Phases #2-3 Project). Proceeds from the sale of the bonds will be used for the purpose of paying a portion of the costs of the Phases #2-3 Improvements.

Note 17. Cumulative Effective of Change in Accounting Principle

As a result of the implementation of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", an adjustment has been made to record the Town's total OPEB liability as of October 1, 2017. As a result, beginning net position of the governmental activities has been decreased by $230,605 and the beginning net position of the Enterprise Fund has been decreased by $24,038.

Required Supplementary Information

Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (GAAP Basis) and Actual – General Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance with Budget
Revenues:				
Taxes:				
Property taxes, penalty, and interest	$ 15,389,829	$ 15,389,829	$ 15,759,245	$ 369,416
General sales and use taxes	3,328,754	3,328,754	3,793,815	465,061
Other taxes and franchise fees	2,089,779	2,089,779	2,292,074	202,295
Licenses and permits	3,075,372	3,075,372	4,105,031	1,029,659
Intergovernmental revenue	325,160	325,160	518,461	193,301
Charges for services	2,756,156	2,948,156	3,797,275	849,119
Fines	542,210	542,210	765,229	223,019
Interest	128,500	128,500	327,787	199,287
Miscellaneous	301,500	301,500	375,998	74,498
Total revenues	27,937,260	28,129,260	31,734,915	3,605,655
Expenditures:				
General government:				
Town council	73,191	123,191	82,812	40,379
Town manager	1,435,129	1,424,129	1,054,404	369,725
Town secretary	169,153	174,153	162,330	11,823
Municipal court	418,712	418,712	366,053	52,659
Finance	1,425,816	1,463,816	1,280,217	183,599
Information technology	855,920	874,716	887,719	(13,003)
Town attorney	340,000	340,000	218,473	121,527
Total general government	4,717,921	4,818,717	4,052,008	766,709
Community services:				
Inspections	2,423,305	2,876,555	2,519,977	356,578
Total community services	2,423,305	2,876,555	2,519,977	356,578
Public safety:				
Police	6,848,732	7,118,156	6,761,564	356,592
Fire	8,800,753	8,996,099	8,715,867	280,232
Animal control	494,081	283,972	295,747	(11,775)
Total public safety	16,143,566	16,398,227	15,773,178	625,049
Public works:				
Streets	1,649,437	2,574,667	1,794,111	780,556
Fleet maintenance	361,302	835,098	785,900	49,198
Facility maintenance	738,208	1,484,532	652,946	831,586
Total public works	2,748,947	4,894,297	3,232,957	1,661,340

Town of Little Elm, Texas
Schedule of Revenues, Expenditures and Changes (Concluded)
In Fund Balances - Budget (GAAP Basis) and Actual – General Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance with Budget
Culture and recreation:				
Library	$ 546,337	$ 546,337	$ 515,904	$ 30,433
Parks and recreation	3,580,284	3,827,279	3,436,182	391,097
Total culture and recreation	4,126,621	4,373,616	3,952,086	421,530
Capital outlay	507,557	425,351	78,143	347,208
Total expenditures	30,667,917	33,786,763	29,608,349	4,178,414
Excess (deficiency) of revenues over (under) expenditures	(2,730,657)	(5,657,503)	2,126,566	7,784,069
Other financing sources (uses):				
Transfers in	1,931,150	2,631,150	2,786,598	155,448
Proceeds from sale of assets	11,030	11,030	103,668	92,638
Insurance recovery	-	304,923	321,485	16,562
Transfers out	-	-	(100,000)	(100,000)
Total other financing sources (uses)	1,942,180	2,947,103	3,111,751	164,648
Revenues and other financing sources over (under) expenditures and other financing uses	(788,477)	(2,710,400)	5,238,317	7,948,717
Fund balance at beginning of year	15,974,495	15,974,495	15,974,495	-
Fund balance, end of year	$ 15,186,018	$ 13,264,095	$ 21,212,812	$ 7,948,717

Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the general fund, debt service fund, and water and sewer fund. All annual appropriations lapse at fiscal year-end.

The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

(1) Prior to September 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes the proposed expenditures and the means of financing them.

(2) Public hearings are conducted to obtain taxpayer comments.

(3) Prior to October 1, the budget is legally enacted through the passage of an ordinance.

(4) The Town Manager is authorized to transfer budgeted amounts between departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the Town Council.

Town of Little Elm, Texas

Schedule of Changes in Net Pension Liability and Related Ratios –
Texas Municipal Retirement System
Last Four Measurement Periods

	2014	2015	2016	2017
Total Pension Liability:				
Service cost	$ 1,781,572	$ 2,120,510	$ 2,355,108	$ 2,626,348
Interest	1,306,279	1,544,900	1,739,588	2,023,022
Change in benefit terms	-	-	-	-
Difference between expected and actual experience	511,427	187,346	298,105	(90,555)
Change in assumptions	-	90,206	-	-
Benefit payments	(326,527)	(393,218)	(323,979)	(334,803)
Net change in total pension liability	3,272,751	3,549,744	4,068,822	4,224,012
Total Pension Liability-beginning	17,933,610	21,206,361	24,756,105	28,824,927
Total Pension Liability-ending	$ 21,206,361	$ 24,756,105	$ 28,824,927	$ 33,048,939
Plan Fiduciary Net Position				
Contributions - employer	$ 1,185,583	$ 1,535,872	$ 1,676,473	$ 1,968,224
Contributions - nonemployer	774,891	838,620	908,306	1,021,378
Net investment income	857,339	25,774	1,316,544	3,194,579
Benefit payments	(326,527)	(393,218)	(323,979)	(334,803)
Administrative income	(8,946)	(15,693)	(14,848)	(16,529)
Other	(736)	(776)	(798)	(838)
Net change in plan fiduciary net position	2,481,604	1,990,579	3,561,698	5,832,011
Plan fiduciary net position -beginning	14,979,082	17,460,686	19,451,265	23,012,963
Plan fiduciary net position - ending	17,460,686	19,451,265	23,012,963	28,844,974
Town's net pension liability -ending	$ 3,745,675	$ 5,304,840	$ 5,811,964	$ 4,203,965
Plan fiduciary net position as a % of total pension liability	82.34%	78.57%	79.84%	87.28%
Covered payroll	$ 11,065,942	$ 11,980,280	$ 12,975,800	$ 14,574,627
Town's net pension liability as a % of covered payroll	33.85%	44.28%	44.79%	28.84%

Note: Only four years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

Town of Little Elm, Texas
Schedule of Pension Contributions –
Texas Municipal Retirement System
Last Four Fiscal Years

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Actuarially determined contribution	$ 1,450,482	$ 1,721,094	$ 1,901,949	$ 2,201,774
Contribution in relation of the actuarially determined contribution	1,450,482	1,721,094	1,901,949	2,201,774
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 12,244,425	$ 13,214,555	$ 14,104,876	$ 16,242,464
Contributions as a percentage of covered payroll	11.85%	13.02%	13.48%	13.56%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.

Note: Only four years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

Town of Little Elm, Texas
Schedule of Changes in the Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Last Ten Measurement Periods

	Measurement Year 2017
Total OPEB Liability:	
Service cost	$ 24,777
Interest	10,108
Change in benefit terms	-
Difference between expected and actual experience	-
Change in assumptions	30,053
Benefit payments	(1,457)
Net change in total OPEB liability	63,481
Total OPEB Liability-beginning	255,737
Total OPEB Liability-ending	$ 319,218
Covered payroll	$ 14,574,627
Town's net OPEB liability as a % of covered payroll	2.19%

Only one year of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

Town of Little Elm, Texas
Schedule of OPEB Contributions
Texas Municipal Retirement System
Last Ten Fiscal years

	Fiscal Year 2018
Actuarially determined contribution	$ 2,885
Contribution in relation of the actuarially determined contribution	2,885
Contribution deficiency (excess)	$ -
Covered payroll	$ 16,242,464
Contributions as a percentage of covered payroll	0.02%

Only one year of data is presented in accordance with GASB Statement No. #75. Additional years' information will be displayed as it becomes available.

Note: GASB Statement No. 75 paragraph 57 requires that the data in this schedule be presented as of the Town's fiscal year as opposed to the time period covered by the measurement date.

Town of Little Elm, Texas
Notes to Required Supplementary Information -
Texas Municipal Retirement System
For the Year Ended September 30, 2018

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31 each year and become effective in January, 12 months and one day later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB
Other information	There were no benefit changes during the year.

Page has been left blank intentionally.

Combining and Individual Fund Financial Statements and Schedules

Town of Little Elm, Texas
Budgetary Comparison Schedule (GAAP Basis)
General Obligation Debt Service Fund
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance from Final Budget
Revenues:				
Property taxes	$ 5,552,340	$ 5,552,340	$ 5,604,360	$ 52,020
Intergovernmental	80,000	80,000	82,657	2,657
Interest	15,500	15,500	41,706	26,206
Total revenues	5,647,840	5,647,840	5,728,723	80,883
Expenditures:				
Debt service:				
Principal retirement	3,593,539	3,593,540	3,593,540	-
Interest and fiscal charges	1,519,150	1,519,150	1,515,266	(3,884)
Total expenditures	5,112,689	5,112,690	5,108,806	(3,884)
Excess of revenues over expenditures	535,151	535,150	619,917	84,767
Other financing sources uses:				
Transfers out	(212,925)	(212,925)	(212,925)	-
Total other financing uses	(212,925)	(212,925)	(212,925)	-
Net change in fund balance	322,226	322,225	406,992	84,767
Fund balances, beginning	746,213	746,213	746,213	-
Fund balances, ending	$ 1,068,439	$ 1,068,438	$ 1,153,205	$ 84,767

Nonmajor Governmental Funds

Special Revenue Funds

Grants Fund
Accounts for donations made by civic organizations, businesses, and citizens for specific uses which include the library, animal control center, police, and fire departments. Donations are generally donated for the purchase of equipment.

Donations Fund
Accounts for grants distributed to the Town by the Texas State Comptroller of Public Accounts, the Department of Homeland Security, and other organizations such as the Texas Library Archives, and the Law Enforcement Officer Safety Education Program.

Forfeitures Fund
Accounts for fines and forfeiture of property resulting from criminal cases within the boundaries of the Town that have been adjudicated by the State of Texas in District Court.

Street Maintenance Fund
Accounts for the Town's 1/4 cent sales tax, which was approved by the citizens of Little Elm in May of 2009 and is restricted for the purpose of street maintenance.

Red Light Camera Fund
Accounts for proceeds and expenses related to red-light cameras.

Stormwater Drainage Fund
Accounts for fees charged for storm water drainage services.

PEG Fund
Accounts for fees used to defer the cost of streaming Council meeting videos of all meetings to meet the objective of local government transparency.

SAFER Grant Fund
Accounts for proceeds and expenditures relating to the SAFER grant.

Little Elm Parks Fund
Accounts for fees used to help fund parks and recreational spaces.

TIRZ #3 Fund
Accounts for proceeds and expenditures relating to Little Elm Tax TIRZ # 3.

TIRZ #4 Fund
Accounts for proceeds and expenditures relating to Little Elm Tax TIRZ # 4.

TIRZ #5 Fund
Accounts for proceeds and expenditures relating to Little Elm TIRZ# 5.

TIRZ #6 Fund
Accounts for proceeds and expenditures relating to Little Elm TIRZ# 6.

Highway 380 MMD FUND
Accounts for the Town's contributions to the Highway 380 Municipal Management District (MMD).

Town of Little Elm, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018

	Grants	Donations	Forfeitures	Street Maintenance	Red Light Camera
ASSETS					
Cash and cash equivalents	$ 259,701	$ 163,828	$ 55,127	$ 997,391	$ 274,653
Receivables (net of allowance for uncollectibles)					
Taxes	-	-	-	191,132	-
Due from other governments	-	-	-	-	-
Other	34,747	-	-	-	82,629
Total assets	$ 294,448	$ 163,828	$ 55,127	$ 1,188,523	$ 357,282
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and other current liabilities	$ 5,167	$ 199	$ -	$ 3,701	$ 128,685
Retainage payable	-	-	-	9,181	-
Due to other funds	-	-	-	-	-
Total liabilities	5,167	199	-	12,882	128,685
Deferred inflows of resources:					
Unavailable resources	-	-	-	-	55,535
Total deferred inflows of resources	-	-	-	-	55,535
Fund balances					
Restricted	289,281	163,629	55,127	1,175,641	173,062
Unassigned	-	-	-	-	-
Total fund balances	289,281	163,629	55,127	1,175,641	173,062
Total liabilities, deferred inflows of resources and fund balances	$ 294,448	$ 163,828	$ 55,127	$ 1,188,523	$ 357,282

Stormwater Drainage	PEG Fund	SAFER Grant	Little Elm Parks	Little Elm TIRZ#3	Little Elm TIRZ#4	Little Elm TIRZ#5	Little Elm TIRZ#6	HWY 380 MMD	Total Nonmajor Governmental Funds
$ 457,806	$ 192,246	$ -	$ 22,196	$ 414,427	$ 109,013	$ 173,395	$ 3,354	$ 8,107	$ 3,131,244
-	-	-	-	49,043	-	-	-	-	240,175
111,308	-	135,945	-	-	-	-	-	-	247,253
126,601	11,402	-	-	-	-	-	-	-	255,379
$ 695,715	$ 203,648	$ 135,945	$ 22,196	$ 463,470	$ 109,013	$ 173,395	$ 3,354	$ 8,107	$ 3,874,051
$ 3,516	$ -	$ 100	$ -	$ -	$ 108,959	$ -	$ 3,354	$ -	$ 253,681
-	-	-	-	-	-	-	-	-	9,181
-	-	142,358	-	-	-	-	-	-	142,358
3,516	-	142,458	-	-	108,959	-	3,354	-	405,220
-	-	135,945	-	-	-	-	-	-	191,480
-	-	135,945	-	-	-	-	-	-	191,480
692,199	203,648	-	22,196	463,470	54	173,395	-	8,107	3,419,809
-	-	(142,458)	-	-	-	-	-	-	(142,458)
692,199	203,648	(142,458)	22,196	463,470	54	173,395	-	8,107	3,277,351
$ 695,715	$ 203,648	$ 135,945	$ 22,196	$ 463,470	$ 109,013	$ 173,395	$ 3,354	$ 8,107	$ 3,874,051

Town of Little Elm, Texas

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance- Nonmajor Governmental Funds
For the Year Ended September 30, 2018

	Grants	Donations	Forfeitures	Street Maintenance	Red Light Camera
Revenues:					
Taxes					
Property taxes, penalty, and interest	$ -	$ -	$ -	$ -	$ -
General sales and use taxes	-	-	-	999,884	-
Franchise taxes and other	-	-	-	-	-
Charges for service	-	-	-	-	-
Intergovernmental	7,269	-	-	-	-
Fines and forfeitures	98,622	-	-	-	324,911
Contributions	-	141,667	-	-	-
Interest	2,980	1,394	868	8,590	2,789
Other revenues	-	-	46,374	-	-
Total revenues	108,871	143,061	47,242	1,008,474	327,700
Expenditures:					
Current:					
General government	-	-	38,329	-	-
Public safety	26,454	9,007	-	-	288,810
Public works	-	-	-	187,240	-
Culture and recreation	1,977	21,129	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	28,431	30,136	38,329	187,240	288,810
Excess (deficiency) of revenues over (under) expenditures	80,440	112,925	8,913	821,234	38,890
Other financing uses:					
Transfers out	(5,448)	-	-	-	-
Total other financing uses	(5,448)	-	-	-	-
Net changes in fund balance	74,992	112,925	8,913	821,234	38,890
Fund balance at beginning of year	214,289	50,704	46,214	354,407	134,172
Fund balance, end of year	$ 289,281	$ 163,629	$ 55,127	$ 1,175,641	$ 173,062

Stormwater Drainage	PEG Fund	SAFER Grant	Little Elm Parks	Little Elm TIRZ#3	Little Elm TIRZ#4	Little Elm TIRZ#5	Little Elm TIRZ#6	HWY 380 MMD	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ 260,011	$ 108,959	$ 128,005	$ 3,354	$ -	$ 500,329
-	-	-	-	85,825	-	1,594	-	-	1,087,303
-	47,650	-	-	-	-	-	-	-	47,650
566,791	-	-	198,800	-	-	-	-	-	765,591
-	-	171,246	-	-	-	-	-	-	178,515
-	-	-	-	-	-	-	-	-	423,533
-	-	-	-	-	-	-	-	-	141,667
7,565	2,534	53	723	3,705	-	551	-	5,903	37,655
24,000	-	-	-	-	-	-	-	-	70,374
598,356	50,184	171,299	199,523	349,541	108,959	130,150	3,354	5,903	3,252,617
-	-	-	-	100,779	-	-	3,354	-	142,462
-	-	307,451	-	-	-	-	-	-	631,722
307,314	-	-	-	-	-	-	-	-	494,554
-	-	-	-	-	-	-	-	-	23,106
-	29,034	-	-	-	108,959	-	-	-	137,993
307,314	29,034	307,451	-	100,779	108,959	-	3,354	-	1,429,837
291,042	21,150	(136,152)	199,523	248,762	-	130,150	-	5,903	1,822,780
(185,000)	-	-	(178,000)	-	-	-	-	-	(368,448)
(185,000)	-	-	(178,000)	-	-	-	-	-	(368,448)
106,042	21,150	(136,152)	21,523	248,762	-	130,150	-	5,903	1,454,332
586,157	182,498	(6,306)	673	214,708	54	43,245	-	2,204	1,823,019
$ 692,199	$ 203,648	$ (142,458)	$ 22,196	$ 463,470	$ 54	$ 173,395	$ -	$ 8,107	$ 3,277,351

Page has been left blank intentionally.

Agency Funds

PID AGENCY FUND – purpose is to account for bond proceeds, assessments, and related debt associated with the issuance of bonds issued by the Town as an agent for the Valencia, Lakeside and Hillstone Public Improvement Districts.

Town of Little Elm, Texas
Statement of Changes in Assets and Liabilities
For The Year Ended September 30, 2018

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
ASSETS				
Cash and cash equivalents	$ 2,740,355	$ 1,111,531	$ -	$ 3,851,886
Total assets	$ 2,740,355	$ 1,111,531	$ -	$ 3,851,886
LIABILITIES				
Liability to bond holders	$ 2,740,355	$ 1,111,531	$ -	$ 3,851,886
Total liabilities	$ 2,740,355	$ 1,111,531	$ -	$ 3,851,886

Discretely Presented Component Units

ECONOMIC DEVELOPMENT CORPORATION – purpose is to promote and develop new and expanded business enterprises to promote and encourage employment in the furtherance of public welfare within the Town.

COMMUNITY DEVELOPMENT CORPORATION – purpose is to improve and expand park and recreational facilities from revenue generated through the Type 4B sales tax.

Town of Little Elm, Texas
Balance Sheet
Economic Development Corporation
September 30, 2018

ASSETS	
Cash and cash equivalents	$ 2,570,010
Receivables:	
Sales taxes	382,265
Leases	3,030,748
Note receivable from primary government	700,000
Total assets	$ 6,683,023
LIABILITIES	
Accounts payable and other current liabilities	$ 1,684,164
Due to primary government	82,656
Total liabilities	1,766,820
DEFERRED INFLOWS OF RESOURCES	
Unavailable resources - note receivable	700,000
Unavailable resources - lease receivable - principal	3,030,748
Total deferred inflows of resources	3,730,748
FUND BALANCES	
Restricted	1,185,455
Total fund balances	1,185,455
Total liabilities, deferred inflows of resources and fund balances	$ 6,683,023

Town of Little Elm, Texas
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
Economic Development Corporation
September 30, 2018

Total fund balance - governmental funds	$ 1,185,455
Amounts reported in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds financial statements.	10,309,703
Long-term receivables from the primary government are not considered current financial resources and, therefore, the recognition of revenue on such receivables is deferred in the governmental funds financial statements.	700,000
Long-term leases receivables are not considered current financial resources and, therefore, the recognition of revenue on such receivables is deferred in the governmental funds financial statements.	3,030,748
Notes payable are not due and payable in the current period and therefore are not reported in the governmental funds financial statements.	(12,469,523)
Accrued interest on governmental activities debt is not reported in the governmental funds financial statements until paid.	(84,063)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 2,672,320

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes
In Fund Balance
Economic Development Corporation
For the Year Ended September 30, 2018

	Economic Development Corporation
Revenues:	
Taxes	
General sales and use taxes	$ 1,876,683
Intergovernmental	300,001
Interest	27,692
Other revenues	192,088
Total revenues	2,396,464
Expenditures:	
Current:	
General government	112,656
Economic and physical development	2,207,508
Principal	772,911
Interest and other fiscal charges	444,284
Total expenditures	3,537,359
Deficiency of revenues under expenditures	(1,140,895)
Other financing sources:	
Lease principal payment	17,252
Total other financing sources	17,252
Revenues and other financing sources under expenditures and other financing uses	(1,123,643)
Fund balance, beginning of year	2,309,098
Fund balance, end of year	$ 1,185,455

Town of Little Elm, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Economic Development Corporation
For the Year Ended September 30, 2018

Net change in fund balances - governmental funds	$ (1,123,643)
Amounts reported for component unit funds in the statement of activities are different because:	
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(4,471)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	772,911
Long-term receivables ($100,000) and lease principal payments ($17,252) from the primary government are not considered current financial resources. The recognition of revenue on such receivables is deferred in the governmental funds financial statements, while the principal payment received reduces the lease receivable balance in the government-wide statement of net position. The long-term receivable amount represents the change in deferred inflows related to the receivable.	(117,252)
Some expenses reported in the statement of activities such as compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(8,289)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (480,744)

Town of Little Elm, Texas
Balance Sheet
Community Development Corporation
September 30, 2018

	Community Development Corporation
ASSETS	
Cash and cash equivalents	$ 309,253
Receivables	191,132
Total assets	$ 500,385
LIABILITIES	
Accounts payable and other current liabilities	45
Total liabilities	45
FUND BALANCE	
Unrestricted	$ 500,340
Total fund balance	500,340
Total liabilities and fund balance	$ 500,385

Town of Little Elm, Texas
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
Community Development Corporation
September 30, 2018

Total fund balance - governmental funds	$	500,340
No differences between balance sheet and statement of net position.		-
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	500,340

Town of Little Elm, Texas
Statement of Revenues, Expenditures and Changes
In Fund Balance
Community Development Corporation
For the Year Ended September 30, 2018

Revenues:		
Taxes		
General sales and use taxes	$	975,363
Interest		6,210
Total revenues		981,573
Expenditures:		
Current:		
General government		12,000
Economic and physical development		873,981
Total expenditures		885,981
Net change in fund balance		95,592
Fund balance, beginning of year		404,748
Fund balance, end of year	$	500,340

Town of Little Elm, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Community Development Corporation
For the Year Ended September 30, 2018

Net change in fund balances - governmental funds	$	95,592
Amounts reported for component unit funds in the statement of activities are different because:		
No differences between change in fund balance and change in net position		-
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	95,592

Page has been left blank intentionally.

Statistical Section

Page has been left blank intentionally.

STATISTICAL SECTION

This part of the Town of Little Elm's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Town's overall financial health. This information has not been audited by the independent auditor.

Contents **Table #s**

Financial Trends **A-1 to A-4**
These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity **B-1 to B-5**
These tables contain information to help the reader assess the Town's two most significant local revenue sources, the property and sales taxes.

Debt Capacity **C-1 to C-5**
These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Economic and Demographic Information **D-1 to D-2**
These tables offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information **E-1 to E-3**
These tables contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town

Source: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in fiscal year 2004: tables presenting government-wide information include information beginning in that year.

Town of Little Elm, Texas
Net Position by Component
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2009	2010	2011	2012
Governmental activities				
Net investment in capital assets	$ 42,980,036	$ 47,903,977	$ 50,204,248	$ 52,815,876
Restricted	456,110	2,111,443	2,752,458	4,171,809
Unrestricted	5,297,621	2,902,375	5,760,237	8,639,473
Total governmental activities net position	$ 48,733,767	$ 52,917,795	$ 58,716,943	$ 65,627,158
Business-type activities				
Net investment in capital assets	$ 12,953,757	$ 17,697,671	$ 18,965,595	$ 23,568,624
Restricted	6,226,635	3,020,299	3,420,742	2,678,605
Unrestricted	2,624,238	3,233,394	4,738,358	3,395,564
Total business-type activities net position	$ 21,804,630	$ 23,951,364	$ 27,124,695	$ 29,642,793
Primary government				
Net investment in capital assets	$ 55,933,793	$ 65,601,648	$ 69,169,843	$ 76,384,500
Restricted	6,682,745	5,273,739	6,173,200	6,850,414
Unrestricted	7,921,859	5,993,772	10,498,595	12,035,037
Total primary governmental net position	$ 70,538,397	$ 76,869,159	$ 85,841,638	$ 95,269,951

Source: Comprehensive Annual Financial Report

Table A-1

	Fiscal Year					
	2013	2014	2015	2016	2017	2018
	$ 63,117,552	$ 69,289,961	$ 77,934,036	89,811,757	103,484,651	$ 123,244,861
	1,456,437	11,901,273	13,440,890	8,767,764	7,463,780	12,374,755
	13,561,477	13,397,901	5,819,571	9,215,510	13,592,539	20,210,367
	$ 78,135,466	$ 94,589,135	$ 97,194,497	$ 107,795,031	$ 124,540,970	$ 155,829,983
	$ 27,797,915	$ 33,308,054	$ 38,387,629	$ 37,228,657	$ 38,221,407	$ 40,669,826
	1,545,571	1,286,723	150,598	1,104,061	2,014,670	2,766,515
	2,792,130	1,253,792	4,209,613	6,738,911	6,966,515	11,378,914
	$ 32,135,616	$ 35,848,569	$ 42,747,840	$ 45,071,629	$ 47,202,592	$ 54,815,255
	$ 90,915,467	$ 102,598,015	$ 116,321,665	$ 127,040,414	$ 141,706,058	$ 163,914,687
	3,002,008	13,187,996	13,591,488	9,871,825	9,478,450	15,141,270
	16,353,607	14,651,693	10,029,184	15,954,421	20,559,054	31,589,281
	$ 110,271,082	$ 130,437,704	$ 139,942,337	$ 152,866,660	$ 171,743,562	$ 210,645,238

Town of Little Elm, Texas
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	$ 2,286,941	$ 2,540,722	$ 2,464,445	$ 2,576,483
Public safety	6,431,906	1,530,292	7,190,910	8,002,813
Public works	3,990,855	8,839,262	4,435,870	5,344,115
Culture and recreation	1,358,796	2,853,899	1,483,761	1,674,950
Community services	1,086,952	1,346,593	1,364,740	1,238,188
Interest on long-term debt	1,058,944	1,385,300	1,715,179	1,655,901
Total governmental activities expenses	$ 16,214,394	$ 18,496,068	$ 18,654,905	$ 20,492,450
Business-type activities:				
Water and sewer	$ 6,817,172	$ 6,763,043	$ 6,950,429	$ 8,576,299
Solid waste	1,827,534	1,641,111	1,465,030	1,542,812
Total business-type activities expenses	8,644,706	8,404,154	8,415,459	10,119,111
Total primary government expenses	$ 24,859,100	$ 26,900,222	$ 27,070,364	$ 30,611,561
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	$ 413,046	$ 139,313	$ 168,475	$ 203,194
Public safety	576,564	854,090	1,049,754	1,316,490
Public works	-	29,398	37,297	36,968
Culture and recreation	43,395	55,853	115,981	229,245
Community services	1,028,110	1,386,646	1,620,331	3,067,120
Operating grants and contributions	182,174	308,121	220,617	296,234
Capital grants and contributions	4,398,954	4,705,395	4,767,318	5,072,076
Total governmental activities program revenues	$ 6,642,243	$ 7,478,816	$ 7,979,773	$ 10,221,327
Business-type activities:				
Charges for services:				
Water and sewer	$ 8,565,303	$ 8,755,653	$ 9,743,392	$ 10,088,464
Solid waste	1,845,096	1,965,611	1,645,533	1,758,790
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	473,422	2,382,570
Total business-type activities program revenues	$ 10,410,399	$ 10,721,264	$ 11,862,347	$ 14,229,824
Total primary government program revenues	$ 17,052,642	$ 18,200,080	$ 19,842,120	$ 24,451,151

Source: Comprehensive Annual Financial Report

Notes: [b] General Revenue classifications modified.

Fiscal Year					
2013	2014	2015	2016	2017	2018
$ 5,867,144	$ 5,289,827	$ 6,085,289	$ 12,682,196	$ 7,030,639	$ 10,282,772
9,335,742	10,433,709	12,583,312	16,154,573	14,962,540	17,650,976
6,021,562	6,499,936	6,956,858	4,894,523	4,620,071	6,274,905
2,667,072	3,104,651	2,424,055	3,850,034	3,813,775	5,597,971
1,638,809	1,918,695	2,408,167	2,412,674	2,562,510	2,837,652
1,473,694	3,388,234	1,707,491	1,552,317	1,705,104	4,970,121
$ 27,004,023	$ 30,635,052	$ 32,165,172	$ 41,546,317	$ 34,694,639	$ 47,614,397
$ 8,938,110	$ 9,018,321	$ 9,597,743	$ 12,813,910	$ 13,091,003	13,442,962
1,828,285	1,983,776	1,732,336	1,797,240	1,885,091	1,937,883
10,766,395	11,002,097	11,330,079	14,611,150	14,976,094	15,380,845
$ 37,770,418	$ 41,637,149	$ 43,495,251	$ 56,157,467	$ 49,670,733	$ 62,995,242
$ 225,645	$ 142,850	$ 191,432	$ 239,193	$ 480,986	1,326,909
1,421,556	1,408,432	1,682,570	2,096,745	2,598,197	2,830,765
18,219	52,660	163,616	999,412	820,186	1,480,153
367,880	548,339	799,635	845,848	1,312,017	1,615,206
3,219,516	4,826,558	5,265,753	5,448,892	5,284,136	4,720,087
8,481,366	877,283	2,330,627	1,888,507	2,486,348	1,909,369
8,196,369	20,153,631	4,480,887	15,400,107	8,269,408	34,764,994
$ 21,930,551	$ 28,009,753	$ 14,914,520	$ 26,918,704	$ 21,251,278	$ 48,647,483
$ 10,843,125	$ 11,206,850	$ 13,023,491	$ 14,156,856	$ 15,381,528	17,754,577
1,919,103	2,038,990	2,157,342	2,247,375	2,329,542	2,394,909
22,395	-	23,964	-	50	194,520
1,828,359	3,595,837	3,593,256	2,387,592	1,363,346	2,224,101
$ 14,612,982	$ 16,841,677	$ 18,798,053	$ 18,791,823	$ 19,074,466	$ 22,568,107
$ 36,543,533	$ 44,851,430	$ 33,712,573	$ 45,710,527	$ 40,325,744	$ 71,215,590

Town of Little Elm, Texas

Changes in Net Position – Continued
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2009	2010	2011	2012
Net (Expenses) Revenue				
Governmental activities	$ (9,572,151)	$ (11,017,252)	$ (10,675,132)	$ (10,271,123)
Business-type activities	1,765,693	2,317,110	3,446,888	4,110,713
Total primary government net expenses	$ (7,806,458)	$ (8,700,142)	$ (7,228,244)	$ (6,160,410)
General Revenues and other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	$ 8,828,874	$ 9,668,429	$ 10,195,279	$ 10,662,787
Sales & Other taxes	2,904,368	3,221,191	3,438,665	4,039,591
Unrestricted investment earnings	334,206	388,935	271,988	199,751
Gains on sale of assets	-	31,158	-	-
Miscellaneous	1,148,956	561,919	1,329,395	464,013
Transfers	1,017,564	1,329,648	1,238,953	1,815,196
Total governmental activities	$ 14,233,968	$ 15,201,280	$ 16,474,280	$ 17,181,338
Business-type activities:				
Taxes	$ -	$ -	$ 56,342	$ 82,977
Unrestricted investment earnings	455,159	333,428	150,655	139,604
Gains on sale of assets	-	-	-	-
Miscellaneous	307,312	566,639	758,399	-
Transfers	(981,564)	(1,070,443)	(1,238,953)	(1,815,196)
Total business-type activities	$ (219,093)	$ (170,376)	$ (273,557)	$ (1,592,615)
Total primary government	$ 14,014,875	$ 15,030,904	$ 16,200,723	$ 15,588,723
Change in Net Position				
Governmental activities	$ 4,661,817	$ 4,184,028	$ 5,799,148	$ 6,910,215
Business-type activities	1,546,600	2,146,734	3,173,331	2,518,098
Total primary government	$ 6,208,417	$ 6,330,762	$ 8,972,479	$ 9,428,313

Source: Comprehensive Annual Financial Report

Notes: [a] General Revenue classifications modified.

Fiscal Year					
2013	2014	2015	2016	2017	2018
$ (5,073,472)	$ (2,625,299)	$ (17,250,652)	$ (14,627,613)	$ (13,443,361)	$ 1,033,086
3,846,587	5,839,580	7,467,974	4,180,673	4,098,372	7,187,262
$ (1,226,885)	$ 3,214,281	$ (9,782,678)	$ (10,446,940)	$ (9,344,989)	$ 8,220,348
$ 10,864,585	$ 11,851,416	$ 14,089,672	$ 16,052,346	$ 18,817,352	$ 21,827,298
4,506,310	4,843,855	5,641,075	6,136,073	6,437,432	7,220,842
136,752	156,577	155,456	222,445	291,461	628,922
9,330	18,171	23,500	252,717	19,709	-
513,343	1,158,653	1,322,492	629,343	2,326,196	751,830
1,551,460	1,697,504	474,640	2,042,935	2,297,150	57,640
$ 17,581,780	$ 19,726,176	$ 21,706,835	$ 25,335,859	$ 30,189,300	$ 30,486,532
$ 92,009	$ 106,872	$ 119,560	$ 110,588	$ 114,365	$ 123,504
96,344	44,010	29,969	75,463	151,282	307,881
9,343	7,214	-	-	21,711	15,864
-	-	-	-	42,383	59,830
(1,551,460)	(1,697,504)	(474,640)	(2,042,935)	(2,297,150)	(57,640)
$ (1,353,764)	$ (1,539,408)	$ (325,111)	$ (1,856,884)	$ (1,967,409)	$ 449,439
$ 16,228,016	$ 18,186,768	$ 21,381,724	$ 23,478,975	$ 28,221,891	$ 30,935,971
$ 12,508,308	$ 17,100,877	$ 4,456,183	$ 10,708,246	$ 16,745,939	$ 31,519,618
2,492,823	4,300,172	7,142,863	2,323,789	2,130,963	7,636,701
$ 15,001,131	$ 21,401,049	$ 11,599,046	$ 13,032,035	$ 18,876,902	$ 39,156,319

Town of Little Elm, Texas
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)
(Accrual Basis of Accounting)

	Fiscal Year			
	2009	2010	2011 [b]	2012
General Fund				
Reserved [a]	$ 26,117	$ 35,410	$ -	$ -
Nonspendable [a]	-	-	48,944	56,704
Restricted	-	-	-	221,155
Committed	-	-	3,326,289	-
Assigned	-	-	1,519,500	693,600
Unassigned	-	-	943,210	6,130,718
Unreserved, designated for	-	-	-	-
Unbudgeted expenditures	1,153,325	1,662,286	-	-
Unreserved, undesignated	3,086,147	3,309,224	-	-
Total general fund	$ 4,265,589	$ 5,006,920	$ 5,837,943	$ 7,102,177
All Other Governmental Funds				
Reserved for:				
Debt service	$ -	$ -	$ -	$ -
Nonspendable [a]	-	-		150
Restricted	-	-	14,255,397	4,346,848
Committed	-	-	702,364	1,273,852
Assigned	-	-	-	-
Unassigned	-	-	(42,361)	-
Unreserved, reported in:	-	-	-	-
Special revenue funds	759,750	544,399	-	-
Debt service	226,226	301,863	-	-
Capital projects funds	19,196,982	25,980,408	-	-
Total all other governmental funds	$ 20,182,958	$ 26,826,670	$ 14,915,400	$ 5,620,850

Source: Comprehensive Annual Financial Report

Notes: [a] Includes inventory and prepaid

[b] The Town implemented GASB No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which impacted both the classifications of funds and classifications of and balances within funds.

Fiscal Year					
2013	2014	2015	2016	2017	2018
$ -	$ -	$ -	$ -	$ -	$ -
274,054	200,487	265,038	299,425	313,699	64,554
-	-	-	-	-	-
-	-	-	-	-	-
925,000	4,938,437	-	-	-	-
5,751,731	3,312,912	6,700,923	11,028,718	15,660,796	21,148,258
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 6,950,785	$ 8,451,836	$ 6,965,961	$ 11,328,143	$ 15,974,495	$ 21,212,812
$ -	$ -	$ -	$ -	$ -	$ -
150	6,302	-	123,522	-	-
8,113,910	17,979,664	10,883,984	17,206,729	11,292,937	28,677,341
620,602	241,487	1,644,874	1,153,748	409,582	751,574
-	-	-	-	-	-
-	-	-	-	(6,306)	(142,458)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 8,734,662	$ 18,227,453	$ 12,528,858	$ 18,483,999	$ 11,696,213	$ 29,286,457

Town of Little Elm, Texas

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (Unaudited)
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2009	2010	2011	2012
REVENUES				
Property taxes, penalties and interest	$ 8,717,659	$ 9,613,969	$ 10,246,572	$ 10,459,636
Sales tax	1,787,109	1,959,630	2,125,984	2,369,358
Franchise and other taxes	1,117,259	1,261,561	1,312,681	1,670,233
Licenses and permits	966,645	1,419,336	1,629,588	2,386,244
Charges for services	535,005	598,873	662,181	1,227,622
Impact fees	-	-	-	1,555,857
Fines and forfeitures	288,748	526,084	698,289	628,399
Intergovernmental revenue and grants	4,702,445	4,887,144	4,219,559	2,996,983
Contributions	-	-	-	5,500
Interest earnings	361,633	388,935	271,988	199,751
Other revenue	1,108,938	812,000	1,153,103	1,312,349
Total revenues	19,585,441	21,467,532	22,319,945	24,811,932
EXPENDITURES				
General government	2,160,346	2,321,233	2,317,911	2,501,809
Public safety	6,041,672	6,455,094	6,865,071	7,577,815
Public works	1,447,644	2,123,823	2,658,522	1,766,131
Culture and recreation	1,230,166	1,322,676	1,307,687	1,533,497
Community services	1,062,917	1,278,090	1,364,740	1,261,237
Capital outlay	6,593,015	8,041,519	16,817,298	17,189,209
Debt service				
Principal retirement	1,185,222	1,489,211	1,537,070	1,671,146
Interest and fiscal charges	874,526	1,514,543	1,770,846	1,609,606
Other debt service costs	-	-	-	-
Total expenditures	20,595,508	24,546,189	34,639,145	35,110,450
Excess (deficiency) of revenues over (under) expenditures	(1,010,067)	(3,078,657)	(12,319,200)	(10,298,518)
OTHER FINANCING SOURCES (USES)				
Bonds/notes issued	12,500,000	9,353,007	-	3,885,000
Proceeds from sale of capital assets	-	-	-	-
Proceeds from capital lease obligations	-	-	-	386,487
Insurance proceeds	-	-	-	-
Premium on bonds issued	-	-	-	180,716
Payment to refunded bond escrow agent	-	-	-	(3,999,197)
Transfer from other funds	3,127,865	1,535,132	4,160,575	3,523,887
Transfer to other funds	(2,110,301)	(424,439)	(2,921,622)	(1,708,691)
Total other financing sources (uses)	13,517,564	10,463,700	1,238,953	2,268,202
NET CHANGE IN FUND BALANCES	$ 12,507,497	$ 7,385,043	$ (11,080,247)	$ (8,030,316)
Debt service as a percentage of noncapital expenditures	14.7%	18.2%	18.6%	18.2%

Source: Comprehensive Annual Financial Report

Fiscal Year					
2013	2014	2015	2016	2017	2018
$ 10,968,977	$ 11,819,118	$ 13,912,222	$ 16,210,647	$ 18,796,064	$ 21,863,934
2,775,736	2,987,162	3,540,489	4,010,218	4,303,543	4,881,118
1,730,574	1,856,693	2,100,586	2,065,392	2,133,889	2,339,724
2,280,136	3,814,451	4,009,517	5,161,638	4,743,132	4,627,259
1,521,394	1,884,181	2,765,194	3,098,936	3,982,077	4,562,866
1,274,372	514,220	1,722,581	499,168	754,659	592,384
667,479	589,772	886,617	856,897	1,055,079	1,188,762
2,055,690	1,365,490	2,630,400	2,252,406	4,365,912	1,638,166
-	18,756,088	1,254,495	3,900,214	3,408,072	24,160,636
136,281	154,060	131,666	209,291	272,668	591,988
1,134,249	1,310,971	764,579	726,869	813,755	662,659
24,544,888	45,052,206	33,718,346	38,991,676	44,628,850	67,109,496
5,662,076	3,459,553	5,795,226	4,009,920	4,273,199	10,634,385
8,185,886	9,454,244	10,668,379	11,425,793	13,861,595	16,404,900
2,417,222	2,794,991	3,225,270	4,141,315	3,179,415	3,727,511
2,211,489	2,639,344	2,947,604	3,177,221	3,574,826	3,975,192
1,604,716	1,910,740	2,408,167	2,917,957	2,563,865	2,837,652
8,758,950	12,815,066	14,197,333	10,029,564	17,686,821	16,876,441
1,837,728	2,097,789	2,499,432	2,825,254	3,291,897	3,593,540
1,649,588	3,579,358	1,654,972	1,865,298	1,784,447	1,742,079
-	-	-	597,105	-	3,240,426
32,327,655	38,751,085	43,396,383	40,989,427	50,216,065	63,032,126
(7,782,767)	6,301,121	(9,678,037)	(1,997,751)	(5,587,215)	4,077,370
8,735,000	5,020,000	1,990,000	16,380,000	-	15,460,000
509,233	18,171	23,500	252,717	31,663	103,668
-	144,913	104,957	-	-	-
-	-	-	-	1,016,343	321,485
143,094	235,610	-	787,923	-	766,813
-	(2,190,000)	-	(7,148,501)	-	-
3,035,883	2,556,084	4,209,821	2,743,996	4,421,619	4,640,598
(1,678,023)	(1,092,057)	(3,834,711)	(701,061)	(2,124,469)	(2,541,373)
10,745,187	4,692,721	2,493,567	12,315,074	3,345,156	18,751,191
$ 2,962,420	$ 10,993,842	$ (7,184,470)	$ 10,317,323	$ (2,242,059)	$ 22,828,561
14.8%	20.7%	13.6%	14.1%	15.7%	11.9%

Town of Little Elm, Texas **Table B-1**

Appraised Value of Property
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Market Valuation		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2009	$ 1,634,323,354	$ 52,518,511	$ 166,456,684	$ 1,520,385,181	0.56996
2010	1,611,491,597	54,925,483	169,295,917	1,497,121,163	0.63449
2011	1,618,970,465	55,366,141	169,498,939	1,504,837,667	0.66523
2012	1,691,659,713	55,542,364	175,488,594	1,571,713,483	0.66497
2013	1,661,535,865	64,223,721	181,089,163	1,544,670,423	0.66497
2014	1,811,983,598	70,371,887	199,149,794	1,683,205,691	0.66497
2015	2,107,295,778	71,348,481	226,256,365	1,952,387,894	0.66497
2016	2,653,573,290	82,618,591	312,314,526	2,423,877,355	0.66169
2017	3,124,111,734	81,122,761	339,178,385	2,866,056,110	0.66169
2018	3,633,597,800	99,219,245	363,504,268	3,369,312,777	0.65767

Source: Denton County Appraisal District

Town of Little Elm, Texas **Table B-2**

Direct and Overlapping Property Tax Rates (Per $100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

	Town Direct Rates			Overlapping Rates [a]						
Fiscal Year	Operating Rate	Debt Service Rate	Total Town Rate	Little Elm Independent School District - LEISD	Frisco Independent School District - FISD	Denton Independent School District - DISD	Denton County	Total Direct and Overlapping Rates - LEISD	Total Direct and Overlapping Rates - FISD	Total Direct and Overlapping Rates - DISD
2009	0.44636	0.12360	0.56996	1.53000	1.37000	1.49000	0.23577	2.33573	2.17573	2.29573
2010	0.46218	0.17231	0.63449	1.54000	1.39000	1.49000	0.24980	2.42429	2.27429	2.37429
2011	0.45279	0.21244	0.66523	1.54000	1.39000	1.53000	0.27390	2.47913	2.32913	2.46913
2012	0.46691	0.19807	0.66497	1.54000	1.42000	1.53000	0.27736	2.48233	2.36233	2.47233
2013	0.48129	0.18369	0.66497	1.54000	1.46000	1.53000	0.28287	2.48784	2.40784	2.47784
2014	0.49665	0.16833	0.66497	1.54000	1.46000	1.53000	0.28491	2.48989	2.40989	2.47989
2015	0.47715	0.18782	0.66497	1.54000	1.46000	1.54000	0.27220	2.47717	2.39717	2.47717
2016	0.47760	0.18409	0.66169	1.54000	1.46000	1.54000	0.26200	2.46369	2.38369	2.46369
2017	0.49573	0.16596	0.66169	1.54000	1.46000	1.54000	0.26200	2.46369	2.38369	2.46369
2018	0.48519	0.17248	0.65767	1.54000	1.46000	1.54000	0.23781	2.43548	2.35548	2.43548

[a] Overlapping rates are those of local and county governments that apply to property owners within the Town of Little Elm. A typical property tax bill would consist of the Town, School District, and County taxes.

Source: Town of Little Elm, Denton County, Little Elm ISD, Frisco ISD, and Denton ISD

Note: Tax rates are applied on each $100 of assessed value and are levied on 100% of assessed value.

Town of Little Elm, Texas **Table B-3**

Principal Property Tax Payers
Current Year and Nine Years Ago (Unaudited)

FY 2017-2018
(2017 Certified Tax Roll)

Taxpayer	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
Western Rim Investors 2014-5 LP	$ 60,462,171	1.79%
Bell Fund VI Frisco LLC	49,073,000	1.46%
WRIA 15-1, LLC	47,211,505	1.40%
G &L Parkview, LLC	41,295,760	1.23%
Orion Lakeside LLC	36,446,173	1.08%
Western Rim Investors 2014-4 LP	36,181,135	1.07%
Towers Property Holdings LLC	30,039,874	0.89%
LETC Dunhill LLC	26,399,271	0.78%
PALLADIUM USA	23,332,890	0.69%
Retractable Technologies INC	17,592,776	0.52%
Total	$ 368,034,555	10.92%
Total Assessed Valuation	$ 3,369,312,777	100.00%

FY 2008-2009
(2008 Certified Tax Roll)

Taxpayer	Taxable Assessed Value	Percentage of Total Town Taxable Assessed Value
Scarborough Sunset III LP	$ 22,320,299	1.47%
Retractable Technologies, Inc.	17,562,828	1.16%
Village at Eldorado/CMC LP	12,997,978	0.85%
Little Elm Towne Crossing LTD	12,157,943	0.80%
Lowes Home Centers, Inc.	10,931,304	0.72%
Sunset Pointe I, LTD	8,691,764	0.57%
NWC FM 423 and Eldorado Pkwy LTD	8,502,708	0.56%
Brighton King LLC & KEV King LLC	6,154,385	0.40%
CoServ Electric CO-OP	6,058,710	0.40%
Paloma Creek All Storage LTD	5,433,952	0.36%
Total	$ 110,811,871	7.29%
Total Assessed Valuation	$ 1,520,385,181	100.00%

Source: Denton Central Appraisal District.

Note: Property is assessed as of January 1 and certified to the town by July 25 for taxable values

Town of Little Elm, Texas **Table B-4**

Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections & Adjustments in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	$ 8,604,462	$ 8,506,674	98.86%	$ 93,300	$ 8,599,974	99.95%
2010	9,517,069	9,303,185	97.75%	207,497	9,510,682	99.93%
2011	10,024,864	9,858,712	98.34%	165,130	10,023,842	99.99%
2012	10,462,821	10,279,526	98.25%	183,294	10,462,821	100.00%
2013	10,651,248	10,514,194	98.71%	137,054	10,651,248	100.00%
2014	11,780,687	11,648,622	98.88%	117,361	11,765,983	99.88%
2015	13,629,127	13,581,388	99.65%	35,409	13,616,797	99.91%
2016	15,848,795	15,812,201	99.77%	23,722	15,835,923	99.92%
2017	18,694,955	18,616,309	99.58%	63,686	18,679,995	99.92%
2018	21,819,292	21,774,594	99.80%	-	21,774,594	99.80%

Source: Denton Central Appraisal District

Town of Little Elm, Texas **Table B-5**

Municipal Sales Tax and Ratio to Ad Valorem Tax Levy
And Ad Valorem Tax Rate
Last Ten Years (Unaudited)

The Town has adopted the provisions of Chapter 321, as amended, Texas Tax Code (the "Municipal Sales and Use Tax Act") which provides for the maximum levy of a one percent sales tax which may be used for any lawful purpose except that the sales tax revenue may not be pledged to the payment of debt. The voters of the Town approved a 1/2% sales tax for the benefit of economic development on January 16, 1993, with collections beginning June 1993. The voters of the Town approved a 1/4% sales tax for street maintenance on May 7, 2005, with collections beginning October 6, 2005. The voters of the Town approved a 1/4% sales tax for 4B community development purposes on May 12, 2007, with collections beginning October 1, 2007. **Net** collections on a **fiscal year** basis are shown below:

Fiscal Year Ended Sept 30		Total Collected	1¼% [a] City	% of Ad Valorem Tax Levy	($) Equivalent of Ad Valorem Tax Rate	0.50% 4A EDC	0.25% 4B CDC
2009		$ 2,873,899	$ 1,787,100	21.05%	0.11998	$ 724,533	$ 362,266
2010	[b]	3,126,064	1,947,430	20.26%	0.12852	785,756	392,878
2011		3,392,058	2,111,001	21.29%	0.14165	854,038	427,019
2012		3,861,036	2,413,148	23.06%	0.15337	965,259	482,630
2013		4,479,710	2,799,819	26.29%	0.17480	1,119,927	559,964
2014		4,810,546	3,006,591	25.52%	0.16971	1,202,636	601,318
2015		5,705,401	3,565,876	26.16%	0.17398	1,426,350	713,175
2016		6,962,498	4,351,562	27.46%	0.18168	1,740,625	870,312
2017		7,242,129	4,526,330	24.21%	0.16020	1,810,532	905,266
2018		7,999,076	4,999,422	22.91%	0.15069	1,999,769	999,884

[a] The Town's portion of the sales tax collections increased from 1% to 1¼% beginning October 1, 2005 as the result of the May 2005 authorization for an additional ¼% for street maintenance.

[b] The Town has entered into a Limited Partnership Agreement (LPA) with Denton County Fresh Water District 8c & 8b for sharing sales tax in the Extra Terratory Jurisdication (ETJ).

Source: Texas Comptroller of Public Affairs Website (http://www.window.state.tx.us/taxinfo/sales)

Town of Little Elm, Texas **Table C-1**

Ratio of Outstanding Bonded Debt by Type
Last Ten Fiscal Years (Unaudited)

	Governmental Activities			Business-Type Activities						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other Obligations[a]	Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Other Obligations[a]	Total Primary Government	Percentage of Personal Income[b]	Per Capita[b]
2009	$ 22,885,000	$ 7,749,300	$ 657,496	$ 11,670,000	$ -	$ 18,760,700	-	$ 61,722,496	11.31%	2,572
2010	31,684,000	6,980,000	273,586	11,225,000	2,106,000	16,500,000	270,000	69,038,586	10.92%	2,666
2011	30,679,400	6,630,000	90,000	10,755,000	1,950,600	16,500,000	270,000	66,875,000	10.58%	2,582
2012	33,348,254	2,260,000	321,018	6,740,000	4,866,746	22,340,000	125,000	70,001,018	9.52%	2,428
2013	34,335,527	8,170,000	202,689	3,055,000	7,504,473	21,890,000	-	75,157,689	8.11%	2,144
2014	32,307,738	10,930,000	175,177	-	9,407,262	21,060,000	-	73,880,177	8.23%	2,291
2015	31,043,926	10,563,955	2,032,096	-	9,044,162	20,400,854	-	73,084,993	8.14%	2,266
2016	29,061,169	19,953,985	1,602,905	-	8,806,563	27,364,862	-	86,789,484	9.13%	2,565
2017	26,856,884	19,095,903	1,222,932	-	21,626,986	24,995,585	-	93,798,290	6.78%	2,456
2018	25,299,571	33,517,823	855,000	-	20,680,733	23,234,304	-	103,587,431	6.16%	2,335

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[a]Includes Tax Notes and Capital Leases

[b]See Table D-1 for personal income and population data.

Town of Little Elm, Texas **Table C-2**

Ratio Of Net General Bonded Debt To Assessed Value
And Net Value Bonded Debt Per Capita
Last Ten Fiscal Years (Unaudited)

	General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Certificates of Obligation[c]	Total	Less: Available Debt Service Funds	Net General Bonded Debt	Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
2009	$ 22,885,000	$ 7,749,300	$ 30,634,300	-	$ 30,634,300	2.01%	1,276
2010	31,684,000	6,980,000	38,664,000	-	38,664,000	2.58%	1,493
2011	30,679,400	6,630,000	37,309,400	451,192	36,858,208	2.48%	1,390
2012	38,215,000	2,260,000	40,475,000	554,894	39,920,106	2.54%	1,384
2013	41,840,000	8,170,000	50,010,000	567,931	49,442,069	3.20%	1,410
2014	41,715,000	10,930,000	52,645,000	367,338	52,277,662	3.11%	1,621
2015	39,005,000	10,450,000	49,455,000	1,005,376	48,449,624	2.48%	1,432
2016	37,867,732	19,953,985	57,821,717	453,186	57,368,531	2.37%	1,595
2017	48,483,870	19,095,903	67,579,773	746,213	66,833,560	2.33%	1,750
2018	45,980,304	33,517,823	79,498,127	1,153,205	78,344,922	2.33%	1,766

Notes: Details regarding the town's outstanding debt can be found in the notes to the financial statements.

[a] See Table B-1 for property value data.

[b] See Table D-1 for population data.

[c] This does not include Certificates of Obligations from Business-Type Activities. See Table C-1 for Business-Type Activities revenue based ratios.

Town of Little Elm, Texas **Table C-3**

Direct and Overlapping Debt

As of September 30, 2016 (Unaudited)

Governmental Unit	As of	Bonded Debt Principal	Percentage of Debt Applicable to Area [d]	Town of Little Elm Share of Overlapping Debt [c]
Debt repaid with property taxes				
Frisco I.S.D.	Sep-18	$ 1,884,983,851	3.06%	$ 57,680,506
Little Elm I.S.D.	Sep-18	304,233,031	44.76%	136,174,705
Denton County	Sep-18	612,630	3.70%	22,667
Highway 380 MMD #1	Sep-18	12,925,000	100.00%	12,925,000
Subtotal, overlapping debt		$ 2,202,754,512		206,802,878
Town of Little Elm Direct Debt [a]	Sep-18	$ 59,672,394	100.00%	59,672,394
Total direct and overlapping debt				$ 266,475,272
Ratio of direct and overlapping debt principal to taxable values [b]				7.91%
Ratio of direct and overlapping debt principal to actual market values [b]				7.14%

Source: Municipal Advisory Council of Texas

Notes: [a] Includes Governmental Activities debt

[b] See Table B-1 for property value data.

[c] Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. T schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the resic and businesses of the Town of Little Elm, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[d] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the various government's taxable assessed value that is within the government's boundaries and dividing it by the total taxable assessed value.

Town of Little Elm, Texas **Table C-4**

Legal Debt Margin Information
Last Ten Years (Unaudited)

The Town of Little Elm, Texas does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits ad valorem tax rates to $2.50 per $100 assessed valuation for cities operating under a Home Rule Charter. Accordingy, the Town's tax margin for the previous ten years was:

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Maximum Rate	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Total Tax Rate	0.5700	0.6345	0.6652	0.6650	0.6650	0.6650	0.6650	0.6617	0.6617	0.6577
Legal Debt Margin	$ 1.9300	$ 1.8655	$ 1.8348	$ 1.8350	$ 1.8350	$ 1.8350	$ 1.8350	$ 1.8350	$ 1.8350	$ 1.8350

Town of Little Elm, Texas **Table C-5**

Pledged-Revenue Coverage
Last Ten Fiscal Years (Unaudited)

	Water and Sewer System Revenue Bonds				
Fiscal Year	Total Revenues[a]	Less: Operating Expenses[b]	Net Available Revenue	Annual Requirement[c]	Times Coverage
2009	$ 9,326,523	$ 5,725,257	$ 3,601,266	$ 1,009,520	3.57
2010	9,654,239	4,778,442	4,875,797	1,399,923	3.48
2011	10,650,297	5,045,588	5,604,709	2,737,299	2.05
2012	11,319,089	5,495,379	5,823,710	1,283,032	4.54
2013	12,194,625	5,889,534	6,305,091	1,558,701	4.05
2014	12,908,682	6,275,068	6,633,614	1,645,568	4.03
2015	15,679,764	6,469,613	9,210,151	1,694,747	5.43
2016	16,834,616	8,068,474	8,766,142	1,943,104	4.51
2017	16,934,343	9,154,302	7,780,041	2,556,461	3.04
2018	22,581,899	9,743,731	12,838,168	2,633,996	4.87

Notes: [a]Includes operating and non-operating revenues.

[b]Includes operating expenses minus depreciation.

[c]Includes annual debt service requirements for all bonds paid from system revenues

Town of Little Elm, Texas **Table D-1**

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Year	Estimated Population[a]	Personal Income	Per Capita Personal Income[b]	School Enrollment[c]	Unemployment Rate[d]
				Little ELM ISD	Denton County
2009	24,000	$ 545,736,000	$ 22,739	5,855	7.2%
2010	25,898	632,377,364	24,418	6,044	7.5%
2011	26,840	674,999,160	25,149	6,245	7.1%
2012	28,835	735,407,840	25,504	6,344	6.3%
2013	35,059	926,188,662	26,418	6,606	5.5%
2014	32,248	897,558,584	27,833	6,910	4.5%
2015	33,842	950,418,728	28,084	7,193	3.4%
2016	35,960	1,059,813,120	29,472	7,354	3.3%
2017	38,194	1,384,074,172	36,238	7,371	4.1%
2018	44,372	1,682,941,216	37,928	7,565	2.9%

Sources: [a]Estimated population provided North Central Texas Council of Governments
[b]Per Capita Income provided by Census.gov
[c]Little Elm Independent School District
[d]Bureau of Labor Statisics, Denton County

Note: Personal income is calculated by multiplying estimated population by per capita personal

Town of Little Elm, Texas **Table D-2**

Principal Employers
Current Year and Nine Years Ago (Unaudited)

2018

Employer	Employees	Percentage of Total City Employment
Little Elm ISD	868	19.56%
Town of Little Elm	292	6.58%
Kroger	250	5.63%
Lowes Home Center	185	4.17%
Retractable Technologies	140	3.16%
Hula Hut	88	1.98%
Applebee's	70	1.58%
Holt	50	1.13%
24 Hour Fitness	36	0.81%
Hobby Lobby	32	0.72%
Total	2,011	45.32%

Total Little Elm Daytime Employees 4,437

2009

Employer	Employees	Percentage of Total City Employment
Little Elm ISD	645	19.82%
Town of Little Elm	165	5.07%
Retractable Technologies	160	4.92%
Lowes Home Center	125	3.84%
Sonic Drive-in	45	1.38%
Independent Bank	20	0.61%
Hobby Lobby	20	0.61%
Key's Supermarket	16	0.49%
Network Distribution Int.	15	0.46%
Javelina	10	0.31%
Total	1,221	37.52%

Total Little Elm Daytime Employees 3,254

Source: Top ten employers and employee count provided by various sources.

Town of Little Elm, Texas **Table E-1**

Full-Time Equivalent Government Employees by Function/Program
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	15.00	15.00	16.00	15.50	21.00	19.50	19.00	19.00	21.00	22.50
Public Safety	74.00	75.00	76.00	80.00	85.50	90.00	95.50	111.50	112.50	129.50
Public Works	16.00	18.00	20.00	22.00	21.00	18.50	20.00	19.50	14.50	20.50
Culture and Recreational	24.50	24.00	21.00	29.50	31.50	32.50	35.00	37.50	40.50	47.50
Planning and Development	11.00	8.00	7.00	13.00	10.00	15.00	15.00	14.00	19.00	13.00
Water and Sewer	30.00	26.00	30.00	23.50	27.00	30.00	29.00	29.00	28.00	33.00
Total	170.50	166.00	170.00	183.50	196.00	205.50	213.50	230.50	235.50	266.00

Source: Town Departments

Page has been left blank intentionally.

Town of Little Elm, Texas
Operating Indicators by Function/Program
Last Nine Fiscal Years (Unaudited)

	Fiscal Year		
Function/Program	2009	2010	2011
Public Safety			
Police			
Number of employees [b]	38	34	36
Number of violations (citations)	5,396	5,200	4,198
Fire			
Number of employees[b]	35	36	37
Number of volunteers	9	2	5
Number of fire runs	746	954	980
Number of EMS runs	1,278	1,195	1,369
Public Works			
Streets (miles)	108	108	108
Community Services			
Residential permits	283	434	488
Commercial permits	20	34	49
Cultural and Recreational			
Parks and recreation			
Park maintain & operate per acre	500	500	500
Participants in parks programs	2,500	2,650	3,500
Participants in senior program	150	200	300
Participants at Recreation Center	N/A	N/A	N/A
Library			
Volumes in Collection [d]	32,905	37,096	32,329
Circulation	41,526	37,850	35,081
Water and Sewer			
Number of water connections	8,204	8,368	8,712
Number of sewer connections	7,792	8,067	8,399
Average daily water consumption [c]	2,230	2,266	2,726
Maximum ground storage capacity [c]	7,000	7,000	7,000
Maximum elevated storage capacity [c]	1,500	1,500	1,500
Water purchased [c]	888,950	899,844	1,080,672

Source: Town Departments
Notes:
N/A - Data not Available
[b] Department Administration and EMS Staff included
[c] Stated in millions of gallons
[d] Includes digital books available via shared databases

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
41	44	44	49	52	58	59
3,974	4,434	4,306	5,332	4,617	4,744	5,635
40	42	47	45	55	54	64
1	0	3	10	10	7	9
888	1,011	992	1,112	1,287	1,327	1,413
1,327	1,437	1,732	1,714	1,940	2,191	2,395
108	108	108	131	138	138	155
588	737	860	1034	1154	1,047	1,101
47	59	62	68	76	91	101
500	500	500	500	500	500	500
3,800	22,700	50,000	65,000	75,980	77,000	79,000
320	1,020	11,577	14,769	18,304	24,864	27,643
N/A	30,400	45,316	47,690	53,632	77,679	114,915
37,785	45,538	45,187	47,531	77,928	81,380	215,539
69,114	92,684	136,765	124,470	126,326	126,092	132,997
8,963	9,257	9,835	9,880	10,370	10,680	11,153
8,636	8,927	9,489	9,531	9,983	10,272	10,732
2,547	2,710	3,110	3,164	3,201	3,253	3,718
7,000	7,000	7,170	7,170	7,170	7,170	7,170
1,500	1,500	3,578	3,578	3,578	3,578	3,578
1,160,174	1,161,074	1,134,837	1,127,728	1,235,350	1,351,428	1,500,532

Town of Little Elm, Texas **Table E-3**

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	16	16	16	16	16	17	19	25	30	30
Fire Stations	2	2	2	2	2	2	2	2	2	3
Police Motorcycle Units	2	2	2	2	2	2	2	2	2	2
Public Works										
Streets-Paved	108	108	108	108	108	108	131	138	138	155
Cultural and Recreational										
Parks (acres)	500	500	500	500	500	500	500	500	500	500
Playgrounds[a]	5	5	5	5	4	4	5	5	5	5
Library	1	1	1	1	1	1	1	1	1	1
Senior Center	0	0	0	1	1	1	1	1	1	1
Recreation Center	0	0	0	1	1	1	1	1	1	1
Water and Sewer										
Fire Hydrants	908	1,063	1,070	1,206	1,216	1,256	1,270	1,270	1,431	1,510
Ground Storage Facilities	6	4	4	4	4	4	4	4	4	4
Elevated Storage Facilities	2	2	2	2	2	4	4	4	4	4
Lift Stations	18	17	16	17	17	18	19	20	20	20

Source: Town Departments

Notes: [a] Does not include HOA playgrounds